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	Sept. 17	To the French Deputy High Commissioner	U.S. attitude toward commercial treaties between Germany and neutrals is not yet defined.	995
5135	Sept. 20	From the Ambassador in France (tel.): McFadden to W.T.B.	Points out objections to, and difficulties in, organizing an Allied Blockade Committee in Madrid.	995
1527	Sept. 21	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	British views on export of non-indigenous articles, which have been adopted by the United States.	996
1648	Sept. 27	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon, to repeat to McFadden	Navy Department's telegram to Admiral Sims: Exceptions to regulations on routes and cargoes of sailing ships and unarmed steamers.	997
1673	Sept. 28	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Message to W.T.B. representative in the Netherlands on status of inter-Allied trade committees in northern neutral countries.	998
1674	Sept. 28	To the Ambassador in Great Britain (tel.)	Points out to Great Britain importance of inter-Allied blockade committee at Paris to secure uniformity of policy toward Spain and Switzerland.	999
1727	Oct. 1	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon, to repeat to Owen	Conditions under which Swedish sailing ships will be permitted to traverse the danger zone.	1000
5886	Oct. 12	To the Ambassador in France (tel.): W.T.B. to McFadden	Quotes telegram of Oct. 6 from W.T.B. representative, Switzerland, disapproving of placing Swiss affairs in hands of blockade committee at Paris.	1000
1956	Oct. 12	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	Requests investigation of delay in receiving Allied Blockade Committee's reports on applications to export.	1001
5445	Oct. 16 [Rec'd Oct. 17]	From the Ambassador in France (tel.): McFadden to W.T.B.	Argument for usefulness of A.B.C. at Paris in cooperation with similar organizations at Berne and Madrid.	1002
2865	Oct. 16 [Rec'd Oct. 17]	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	Proposed new plan for routing of neutral ships to examination ports.	1003
2340	Oct. 22	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	Question of permitting sailing ships under German safe-conduct to carry mineral oil and foodstuffs for Switzerland and northern neutrals.	1005

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MEASURES AFFECTING NEUTRAL TRADE, ETC.—Continued

No.	Date	From and to whom	Subject	Page
3096	Oct. 25	From the Chargé in Great Britain (tel.)	Text of British note on effective cooperation in blockade measures. British representative to be sent to Paris.	1006
3318	Nov. 1	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	Statements of Maritime Transport Council and Admiral Sims on carrying of oil and foodstuffs in sailing ships under German safe-conducts.	1008
2661	Nov. 6	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	Approves plan for joint U.S. and British certification of ships from South America to Scandinavia and the Netherlands.	1009
3512	Nov. 8	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	Admiral Sims states naval authorities concur in W.T.B. exceptions to regulations regarding sailing ships.	1009
2746	Nov. 11	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	Sailing ships will operate according to U.S. regulations, with certain exceptions.	1009
	Nov. 11	Department memorandum	Objectionable features of new plan for routing of ships and examining of cargoes.	1010
3734	Undated [Rec'd Nov. 14]	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	Arrangements for carrying out new plan for routing of neutral ships to ports of examination.	1011
2826	Nov. 15	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	Instructions to consuls in South America on joint certification of manifests of Dutch and Scandinavian ships.	1012
3114	Nov. 29	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	Suggested plan for routing neutral ships for ports of examination is disapproved.	1012

BLACK LISTS OF NEUTRAL FIRMS

EFFORTS TO COORDINATE THE AMERICAN ENEMY TRADING LIST WITH THE BRITISH STATUTORY LIST AND THE FRENCH GENERAL BLACK LIST—AGREEMENT FOR REVIEW OF EVIDENCE ON FIRMS IN LATIN AMERICA AT WASHINGTON, IN SPAIN AND MOROCCO (SWITZERLAND AND GREECE LATER INCLUDED) AT PARIS, AND IN OTHER EUROPEAN COUNTRIES AND POSSESSIONS AT LONDON

	Dec. 31, 1917 [Rec'd Jan. 2, 1918]	From the Commercial Adviser of the British Embassy	Great Britain adopts U.S. enemy trading list for Mexico with few exceptions.	1013
	Jan. 7, 1918	To the diplomatic representatives in Latin American countries (tel.)	Revised enemy trading list to be made public in Latin American countries.	1013
	Jan. 18	To the consular officers in Latin American countries (tel.)	Instructions for treatment of firms on enemy trading list.	1014

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BLACK LISTS OF NEUTRAL FIRMS—Continued

No.	Date	From and to whom	Subject	Page
8327	Undated [Rec'd Jan. 20]	From the Ambassador in Great Britain (tel.): Frothingham to W.T.B.	Discontinuance of enemy trading list for Portugal considered. Spanish list unsatisfactory.	1014
8362	Jan. 23	From the Ambassador in Great Britain (tel.): Frothingham to W.T.B.	Suggestions regarding Persian enemy trading list and lists for Morocco, Liberia, and other African territories.	1015
	Jan. 29	To the diplomatic and consular officers in all countries (tel.)	Licenses allowed for transshipment in U.S. ports of goods for Latin America even though consignees are on enemy trading list.	1015
6408	Feb. 1	To the Ambassador in Great Britain (tel.): Fuller to Frothingham	Plan for enemy trading list for Persia approved.	1015
	Feb. 19	W.T.B. to French High Commission; <i>mutatis mutandis</i> , to British Embassy	Changes made in the French, British, and U.S. black lists to bring about coordination of policy.	1016
3214	Feb. 19	From the Ambassador in France (tel.)	France desires U.S. and Allied representative in each capital to confer on blacklisting questions.	1017
8745	Feb. 20 [Rec'd Feb. 21]	From the Ambassador in Great Britain (tel.): Frothingham to W.T.B.	Agreement in conference on desirability of coordinated local action on black lists to be followed by final centralized review control.	1017
	Feb. 21	To the diplomatic representatives in certain countries (tel.)	Instructions to cooperate in blacklisting policy.	1018
6671	Feb. 23	To the Ambassador in Great Britain (tel.): Fuller to Sheldon	Reexamination of enemy trading list requested with view to securing British accord.	1019
	Feb. 25	To the representatives in Greece and northern European neutral countries (tel.)	Instructions to confer with colleagues and report joint recommendations for changes in enemy trading list.	1019
	Feb. 25	To the representatives in certain Latin American countries (tel.)	Instructions to confer with colleagues and report joint recommendations for changes in enemy trading list.	1019
	Feb. 25	To the War Trade Board	Policy recommended in regard to enemy trading laws in Brazil, Cuba, and Panama.	1020
8803	Feb. 25 [Rec'd Feb. 26]	From the Ambassador in Great Britain (tel.): Frothingham to W.T.B.	Inquiries and suggestions regarding policy as to enemy trade classification.	1021
6725	Mar. 1	To the Ambassador in Great Britain (tel.): Fuller to Sheldon	Blacklisting plan arranged conjointly with Great Britain and France as suggested, and instructions sent certain missions.	1021

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BLACK LISTS OF NEUTRAL FIRMS—Continued

No.	Date	From and to whom	Subject	Page
9131	Mar. 20	From the Ambassador in Great Britain (tel.): Frothingham to W.T.B.	Great Britain considers enemy nationality as cause for inclusion in enemy trading list.	1022
9154	Mar. 21	From the Ambassador in Great Britain (tel.): Frothingham to W.T.B.	Inquiry regarding approval of coordination proposals and simultaneous changes in lists.	1022
7013	Mar. 23	To the Ambassador in Great Britain (tel.): Fuller to Sheldon	Further explanations regarding enemy trading list.	1023
7014	Mar. 23	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Owen, Stockholm, to be informed that it will be legal to trade with firms not on revised U.S. enemy trading list.	1023
9232	Mar. 27	From the Ambassador in Great Britain (tel.): Owen to W.T.B.	Question of policy toward reputable neutral importers holding selling agencies for enemy firms.	1024
3402	Mar. 29	To the Ambassador in France (tel.)	Designation of U.S. representative to confer at Paris on questions relating to black lists.	1024
7095	Mar. 30	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Coordination of lists approved. Changes will be published simultaneously.	1024
7129	Apr. 3	To the Ambassador in Great Britain (tel.)	Instructions regarding licenses for export to Scandinavian firms pending publication of revised list.	1025
7155	Apr. 5	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Impossible to include names in enemy trading list solely on basis of nationality.	1025
252	Apr. 26	To the Minister in Portugal (tel.)	Instructions to report status of enemy firms in Portugal and progress in liquidation of enemy interests.	1025
1072	Apr. 30	To the Ambassador in Spain (tel.): W.T.B. to Chadbourne.	Instructions to confer with colleagues and report joint recommendations for changes in enemy trading list.	1026

PUBLICATION OF THE ENEMY TRADING LIST INCLUDING EUROPEAN FIRMS, MAY 1—AGREEMENT WITH GREAT BRITAIN AND FRANCE FOR JOINT CONSIDERATION OF LICENSES FOR TRANSACTIONS WITH LISTED OR OTHER ENEMY FIRMS; SUSPENSION OWING TO RESERVATIONS IMPOSED—INSTITUTION OF THE AMERICAN CONFIDENTIAL LIST AND CLOAKS LIST—DISCUSSION OF A PROJECTED BLACK LIST FOR SWITZERLAND AND OF JAPANESE PARTICIPATION IN THE BLACK-LIST CONFERENCES

122	May 1	To the Consul at Amsterdam	Publication of new unified enemy trading list including European firms.	1026
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BLACK LISTS OF NEUTRAL FIRMS—Continued

No.	Date	From and to whom	Subject	Page
	May 4	Public statement by W.T.B.	Issue of revised edition of enemy trading list for all countries.	1027
	May 8	To the Ambassador in Japan (tel.)	Possibility of white list for China. Cooperation with Japan in war trade policies under discussion.	1028
4093	June 5 [Rec'd June 6]	From the Ambassador in France (tel.): Stetson and McFadden to W.T.B.	Inquiry regarding licensing exports from the Allies to blacklisted firms in Spain, Morocco, and Switzerland.	1028
384	June 4 [Rec'd June 6]	From the Minister in Portugal (tel.)	Report on liquidation of enemy interests in Portugal.	1028
305	June 18	To the Minister in Portugal (tel.)	Tentative plan for issue of enemy trading list for Portugal.	1029
4706	June 22	To the Ambassador in France (tel.): W.T.B. to McFadden	Plan for coordination in blacklisting. British approval awaited.	1029
	June 25	To the Ambassador in Japan (tel.): from W.T.B.	Instruction to suspend blacklisting activities in Japan.	1030
2	July 2	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Procedure in handling enemy trading license cases involving Denmark, Sweden, Norway, and the Netherlands.	1030
4872	July 2	To the Ambassador in France (tel.): W.T.B. to McFadden	Procedure in handling enemy trading license cases involving Switzerland, Spain, and Morocco.	1030a
4911	July 3	To the Ambassador in France (tel.): Fuller to McFadden	Instructions regarding compiling of list for Switzerland. Text of W.T.B. resolution.	1031
	July 5	To the diplomatic representatives in Latin American countries	Instructions regarding establishment of confidential enemy trading list and cloaks list.	1031
3874	July 5 [Rec'd July 7]	From the Minister in Switzerland (tel.)	Reply to request for copy of German black list.	1032
2486	July 9	From the Chargé in Denmark (tel.)	Reply to request for copy of German black list.	1032
4521	July 20 [Rec'd July 21]	From the Ambassador in France (tel.): McFadden to W.T.B.	Text of Italian memorandum on Japan's participation with the Allies in formation of black lists.	1032
4604	July 27 [Rec'd July 28]	From the Ambassador in France (tel.): McFadden to W.T.B.	Opposition to participation by Japan in preparation of black list.	1033
5176	Aug. 1	To the Ambassador in France (tel.): Fuller to McFadden	Inclusion of Japan in coordination plan and black-list conferences is deemed important.	1033
2392	Aug. 3	To the Minister in Switzerland (tel.): W.T.B. to Dresel	French proposal of black list for Switzerland.	1034

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BLACK LISTS OF NEUTRAL FIRMS—Continued

No.	Date	From and to whom	Subject	Page
4702	Aug. 7 [Rec'd Aug. 8]	From the Ambassador in France (tel.): McFadden to W.T.B.	French assent to inclusion of Japanese delegate on committees. Subject submitted to Inter-Allied Blacklisting Committee, Paris.	1034
921	Aug. 8	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Inter-Allied Blacklisting Committee is designated as conference to consider those applications for licenses which are referred to London.	1034
4710	Aug. 8 [Rec'd Aug. 9]	From the Ambassador in France (tel.): McFadden to W.T.B.	French and British attitude toward proposed plan for licensing trade with listed or enemy persons.	1035
4244	Aug. 8 [Rec'd Aug. 10]	From the Minister in Switzerland (tel.): Dresel to W.T.B.	Swiss opposition to inclusion in black list of members of Société Suisse de Surveillance Economique.	1035
1178	Aug. 19	From the Ambassador in Great Britain (tel.): Frothingham to W.T.B.	Suspension of joint consideration of applications for enemy trading licenses, owing to reservations imposed.	1036
2572	Aug. 20	To the Minister in Switzerland (tel.): W.T.B. to Dresel	Authorization to proceed with proposed black list for Switzerland.	1037
78	Aug. 22	To the Minister in Persia (tel.)	Instructions to consult colleagues and report recommendations on enemy trading and confidential lists, with reasons.	1037
1310	Aug. 23	From the Ambassador in Great Britain (tel.): Frothingham to W.T.B.	Conference plan for enemy trade licensing seems likely to fail. Inquiry as to advantages of plan.	1037
1948	Aug. 23 [Rec'd Aug. 24]	From the Chargé in Italy (tel.): Stewart to W.T.B.	Italy accepts conditionally W.T.B. plan for conferences for consideration of enemy trade licenses.	1038
951	Aug. 24	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Instructions for procedure pending Italian and French agreement to enemy trading license conference plan.	1038
5427	Aug. 24	To the Ambassador in France (tel.): W.T.B. to McFadden	Inquires reasons for French opposition to enemy trading license conference. Instructions.	1038
4459	Aug. 24 [Rec'd Aug. 26]	From the Minister in Switzerland (tel.): Stetson and Dresel to W.T.B.	Suggestions for compiling black lists for Switzerland.	1039
4892	Aug. 27 [Rec'd Aug. 28]	From the Chargé in France (tel.): McFadden to W.T.B.	Points relative to enemy trading licenses unacceptable to France and points not understood.	1041

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BLACK LISTS OF NEUTRAL FIRMS—Continued

CONSULAR INSTRUCTION OF AUGUST 30 DESCRIBING THE VARIOUS LISTS IN EFFECT AND THE METHODS OF COORDINATION WITH THE ALLIED POWERS—PROTESTS OF THE SWISS AND SPANISH GOVERNMENTS AGAINST THE BLACK LISTS—PROPOSALS FOR A JOINT COMMUNICATION TO PORTUGAL TO SECURE MORE EFFECTIVE ACTION AGAINST ENEMY TRADE—CONTINUED DISCUSSION OF COORDINATION OF LICENSING POLICY

No.	Date	From and to whom	Subject	Page
618	Aug. 30	To the diplomatic and consular officers in Latin American countries	Special instruction describing lists and methods of coordination for restriction of enemy trade.	1042
619	Aug. 30	To the diplomatic and consular officers in Latin American countries	General instruction regarding coordinated plan to prevent trading with the enemy.	1046
1121	Aug. 31	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Conference plan is only possible way to obtain unified policy in granting enemy trade licenses.	1051
	Sept. 3	To diplomatic representatives in Latin American countries and Consul at Georgetown (tel.)	Instructions for reporting to Washington Allied conference recommendations on changes in enemy trading lists.	1052
5506	Sept. 4	To the Ambassador in France (tel.): W.T.B. to McFadden.	Aims and functions of proposed enemy trade license conference. French cooperation urged.	1052
2659	Sept. 4	To the Minister in Switzerland (tel.): W.T.B. to Dresel	Plan for compiling Swiss lists approved. Adoption by France has been urged.	1054
1185	Sept. 4	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Enemy trade restriction by Portugal is urged in order to prevent cloaking of enemy trade in South America.	1054
1195	Sept. 5	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Washington conference plan for trade restriction is recommended for adoption.	1055
5517	Sept. 6	To the Ambassador in France (tel.): W.T.B. to McFadden	W.T.B. position regarding scope of conference activities.	1055
1673	Sept. 7	To the Ambassador in Italy (tel.): W.T.B. to Stewart	Licensing policy explained; full cooperation of Italy urged.	1056
4624	Sept. 7 [Rec'd Sept. 9]	From the Minister in Switzerland (tel.): Dresel to W.T.B.	Swiss objections to establishment of black list.	1057
5022	Sept. 10 [Rec'd Sept. 11]	From the Ambassador in France (tel.): McFadden to W.T.B.	Discussion of application and operation of confidential lists for Switzerland. French viewpoint.	1058
1906	Sept. 16	From the Ambassador in Great Britain (tel.): Frothingham to W.T.B.	Proposed joint communication to Portugal to secure effective action against enemy trade.	1060

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BLACK LISTS OF NEUTRAL FIRMS—Continued

No.	Date	From and to whom	Subject	Page
5120	Sept. 19	From the Ambassador in France (tel.): McFadden to W.T.B.	Resolution of Inter-Allied Blacklisting Committee, Paris, that decisions become binding after 10 days if no objections raised.	1061
5721	Sept. 25	To the Ambassador in France (tel.): W.T.B. to McFadden	Continued discussion of coordination of licensing policy.	1061
1626	Sept. 26	To the Ambassador in Great Britain (tel.): Fuller to Sheldon	Approval of joint proposal to Portugal for action in restriction of enemy trade.	1062
270	Sept. 30	To the British Chargé	Proposal that Governments associated in enemy-trading problems shall invite participation by Japan.	1062
5256	Oct. 1	From the Ambassador in France (tel.): McFadden to W.T.B.	France is in accord with U.S. blacklisting plan with certain exceptions enumerated.	1063
5235	Sept. 30 [Rec'd Oct. 1]	From the Ambassador in France (tel.): McFadden to W.T.B.	Spain's protest against black lists. British reply. Inquiry regarding U.S. position.	1064
2516	Oct. 5	From the Chargé in Great Britain (tel.): Frothingham to W.T.B.	Points of difference between French and British regarding confidential black list policy.	1065
2704	Oct. 10 [Rec'd Oct. 11]	From the Chargé in Great Britain (tel.): Frothingham to W.T.B.	Delay in effecting liquidation of enemy firms in Portugal.	1066
5873	Oct. 11	To the Ambassador in France (tel.): W.T.B. to McFadden	Japan may request inclusion on inter-Allied enemy-trading listing and licensing committees.	1067

LIMITED RESUMPTION OF ENEMY TRADE LICENSE CONFERENCES, OCTOBER 11; AMERICAN EFFORTS TO SECURE GREATER COORDINATION—PARTICIPATION OF ITALY AND JAPAN IN BLACK-LIST AND LICENSING CONFERENCES—PROPOSED PARTICIPATION OF BELGIUM—CONTINUANCE OF THE BLACK LISTS AFTER THE ARMISTICE

1936	Oct. 11	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon. <i>Mutatis mutandis</i> , to McFadden	Instruction to resume formal conference on enemy trade licenses pending settlement of minor differences.	1067
2122	Oct. 11 [Rec'd Oct. 12]	From the Ambassador in Italy (tel.): Stewart to W.T.B.	Italy accepts with one reservation W.T.B. resolutions dealing with enemy trade license conferences.	1067
5898	Oct. 14	To the Ambassador in France (tel.): W.T.B. to McFadden	Argument in favor of W.T.B. licensing policy, urging French cooperation.	1068

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BLACK LISTS OF NEUTRAL FIRMS—Continued

No.	Date	From and to whom	Subject	Page
5937	Oct. 17	To the Ambassador in France (tel.): W.T.B. to McFadden	Concurs in presenting unified front regarding enemy trading lists for Spain.	1069
5500	Oct. 21 [Rec'd Oct. 22]	From the Ambassador in France (tel.): McFadden to W.T.B.	France will submit cases to conferences according to U.S. plan, with certain exceptions.	1069
5976	Oct. 22	To the Ambassador in France (tel.): W.T.B. to McFadden	Approves modified plan of blacklisting for Switzerland but declines to participate in joint note.	1072
1788	Oct. 23	To the Ambassador in Italy (tel.): W.T.B. to Stewart	Italy's exceptions are in accord with W.T.B. policy. Formal conferences now taking place at London, Paris, Washington.	1072
5638	Oct. 30 [Rec'd Oct. 31]	From the Ambassador in France (tel.): McFadden to W.T.B.	Inquires if the United States approves resolution of trade-license conference for delaying execution of decisions.	1072
2550	Oct. 31	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon. <i>Mutatis mutandis</i> , to McFadden	Scope of jurisdiction of inter-Allied enemy trading license conference. British agreement urged.	1073
5490	Oct. 30 [Rec'd Nov. 1]	From the Minister in Switzerland (tel.): Heck to W.T.B.	Desirability of U.S. participation in joint official reply to Swiss objections to proposed black list.	1075
5646	Oct. 31 [Rec'd Nov. 2]	From the Ambassador in France (tel.): McFadden to W.T.B.	Proposed participation of Belgium with the Associated Governments in trade control.	1075
5714	Nov. 4 [Rec'd Nov. 5]	From the Ambassador in France (tel.): Stetson to W.T.B.	Great Britain will not reply further to Spanish protest. Similar course recommended for the United States.	1076
6206	Nov. 8	To the Ambassador in France (tel.): W.T.B. to McFadden	Declines to concur in resolution of Paris conference for delay in execution of decisions.	1076
5766	Nov. 8 [Rec'd Nov. 9]	From the Ambassador in France (tel.): McFadden to W.T.B.	Points on which French cooperation in U.S. proposals is assured.	1077
3316	Nov. 11	To the Minister in Switzerland (tel.)	Proposed change in form of request for Swiss cooperation in blacklisting.	1077
3618	Nov. 11	From the Chargé in Great Britain (tel.): Frothingham to W.T.B.	British confidential list permissions delivered for inter-Allied review. U.S. decisions awaited.	1078
5873	Nov. 16 [Rec'd Nov. 17]	From the Ambassador in France (tel.): McFadden to W.T.B.	France has invited Japan to participate in blacklisting and licensing conferences.	1079

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BLACK LISTS OF NEUTRAL FIRMS—Continued

No.	Date	From and to whom	Subject	Page
2883	Nov. 18	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	Harmony of action is desired through conference as cases arise, rather than by subsequent protest.	1079
5935	Nov. 20	From the Ambassador in France (tel.): McFadden to W.T.B.	France is in accord with U.S. view that decisions of enemy-license conferences should become effective at once.	1079
6510	Dec. 2	To the Ambassador in France (tel.): W.T.B. to McFadden	Belgium will be requested to participate in conferences for trade control.	1080
	Dec. 16	To the diplomatic and consular officers in Latin American countries (tel.)	Instructions to use official black lists only and to express appreciation to business houses for cooperation.	1080
1735	Dec. 21	To the Ambassador in Mexico (tel.)	Authorization to join in invitation to Japanese representative to participate in inter-Allied conferences on black-list changes.	1081

ATTITUDE OF THE ASSOCIATED GOVERNMENTS TOWARD NEUTRAL SHIPS
CARRYING GERMAN SAFE-CONDUCTS

709	May 7	From the Minister in Norway (tel.)	Text of German announcement that neutral ship is considered as of enemy character when running in enemy interest.	1081
10509	June 8	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	Sweden's request that the Associated Governments permit Swedish ships with non-contraband cargoes to carry German safe-conducts.	1081
8326	June 19	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	Danger of German control of neutral shipping as result of use of German safe-conducts.	1082
8518	June 29	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon. Similar tel. to McFadden	Instances of German attempts to control neutral shipping. Instructions to report developments and ascertain Government's views.	1083
374	July 6	To the Minister in Norway (tel.)	Instructions to report on German attempt to control neutral shipping. Similar telegram to other European neutral countries.	1084
25003	July 8 [Rec'd July 9]	From the French High Commissioner	French decree: Neutral ships sailing with enemy safe-conducts liable to seizure and confiscation.	1084
874	July 9	From the Minister in Norway (tel.)	Delegation representing Norwegian, Swedish, and Danish shipowners will proceed to Berlin for discussion of safe-conducts.	1085

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ATTITUDE OF THE ASSOCIATED GOVERNMENTS TOWARD NEUTRAL SHIPS
CARRYING GERMAN SAFE-CONDUCTS—Continued

No.	Date	From and to whom	Subject	Page
2452	July 10 [Rec'd July 11]	From the Minister in Sweden (tel.)	Swedish explanation of acceptance of German safe-conducts. Text of certificate.	1086
2493	July 11 [Rec'd July 12]	From the Chargé in Denmark (tel.)	Germany makes demands upon Norway and Denmark regarding shipping. U.S. pressure on latter suggested.	1087
5021	July 15	To the Ambassador in France (tel.): W.T.B. to McFadden	Sailing ships with goods for Switzerland and carrying German safe-conducts are permitted to traverse submarine danger zone.	1088
342	July 16	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	British view that Germany's safe-conduct policy will have no fundamental effect on the situation.	1088
363	July 23	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon, to repeat to McFadden	Points out consequences which acceptance of German safe-conduct system might entail.	1089
403	July 25	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Proposed joint communication to European neutrals condemning German safe-conduct system.	1090
650	July 27 [Rec'd July 28]	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Proposed note to neutrals regarding German trade control approved by British and French with certain alterations.	1092
624	Aug. 5	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Proposed modified form of note on German trade control to be delivered to northern neutrals and Spain if Allies agree to cooperate.	1093
27557	Aug. 5 [Rec'd Aug. 6]	From the French High Commissioner	France approves procedure adopted by other Associated Governments regarding German safe-conducts.	1094
930	Aug. 8 [Rec'd Aug. 9]	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Foreign Office proposes withholding note of Associated Governments to neutrals regarding safe-conducts and substituting one to Sweden.	1095
753	Aug. 13	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Reply to British reversal of decision regarding note to neutrals.	1096
1090	Aug. 14 [Rec'd Aug. 15]	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Text of proposed joint note to Sweden, drafted by Foreign Office. U.S. cooperation urged.	1098
885	Aug. 21	To the Ambassador in Great Britain (tel.)	Counter-proposal regarding declaration to neutrals on subject of German safe-conducts.	1099

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ATTITUDE OF THE ASSOCIATED GOVERNMENTS TOWARD NEUTRAL SHIPS
CARRYING GERMAN SAFE-CONDUCTS—Continued

No.	Date	From and to whom	Subject	Page
4870	Aug. 24 [Rec'd Aug. 25]	From the Chargé in France (tel.): McFadden to W.T.B.	French representatives in neutral countries instructed to cooperate in declaring policy of Associated Governments toward German safe-conducts.	1100
1456	Aug. 28 [Rec'd Aug. 29]	From the Ambassador in Great Britain (tel.)	Submitted for approval: British final draft of note to be presented to neutrals, with additional statement to Sweden.	1101
1589	Sept. 3	From the Ambassador in Great Britain (tel.)	Final decision as to form of presentation of note of Associated Governments to neutrals regarding German safe-conducts.	1102
1196	Sept. 5	To the Ambassador in Great Britain (tel.)	Note for Sweden on German safe-conducts. Similar notes will be addressed to the other northern neutrals and Spain.	1103
1665	Sept. 6	From the Ambassador in Great Britain (tel.)	British instructions to representatives in northern neutrals and Spain regarding presentation of joint note.	1104
40.A. XXIX.n.	Sept. 24 [Rec'd Sept. 25]	From the Danish Minister	Explanation of character of German safe-conducts and their necessity in Danish trade.	1104
3007	Sept. 27	To the Minister in Switzerland (tel.): W.T.B. to Dresel	Sailing ships with German safe-conducts and unobjectionable cargoes permitted to proceed to Cette.	1106
	Oct. 10	To the Danish Minister	Reply to Danish representations regarding German safe-conducts.	1107

NEGOTIATIONS WITH NORWAY CONCERNING EXPORTS

ASSURANCES REGARDING SUPPLIES COMMUNICATED TO NORWAY, JANUARY 9—AMERICAN PROPOSALS SUPPLEMENTARY TO THOSE OF 1917—PUBLICATION OF THE AMERICAN PROPOSALS—NORWEGIAN REPLY, FEBRUARY 2, TO THE AMERICAN NOTE OF DECEMBER 20, 1917—AMERICAN NOTE OF FEBRUARY 9—NORWEGIAN NOTES OF FEBRUARY 14 AND 16—RELEASE OF THE NORWEGIAN SHIP "KIM"—BRITISH OBSERVATIONS ON THE PROPOSED AGREEMENT

445	Jan. 3	From the Minister in Norway (tel.)	Suggests public explanation of U.S. demands upon Norway to prevent misunderstanding.	1107
201	Jan. 4	To the Minister in Norway (tel.)	Assurances that, providing satisfactory arrangement with the Associated Governments is concluded, Norway will receive necessary rations.	1108
446	Jan. 4	From the Minister in Norway (tel.)	Discussion with Foreign Minister of proposals for interchange of products.	1108

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202	Jan. 5	To the Minister in Norway (tel.)	W.T.B. proposal of Dec. 20 to Nansen must stand. Instructions to publish.	1109
453	Jan. 9 [Rec'd Jan. 10]	From the Minister in Norway (tel.)	Suggests that before publication proposal be drawn up in final form with reciprocal offers to Norway.	1110
455	Jan. 10	From the Minister in Norway (tel.)	British and U.S. notes of assurance of rations to Norway delivered.	1111
206	Jan. 12	To the Minister in Norway (tel.)	Publication of proposals to Norway delayed until put in proper form.	1111
478	Jan. 18 [Rec'd Jan. 19]	From the Minister in Norway (tel.)	Conflicting opinions and delay mark Norwegian policy. Offer of final proposal recommended.	1111
480	Jan. 18 [Rec'd Jan. 19]	From the Minister in Norway (tel.)	Reversal of Norwegian position owing to shortage of food. Recommendations.	1112
207	Jan. 19	To the Minister in Norway (tel.)	Schedule of commodities for Norwegian requirements as supplementary to proposal of Dec. 20.	1113
210	Jan. 21	To the Minister in Norway (tel.)	Publishing of rationing proposal made to Norway is being considered.	1114
6319	Jan. 22	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon, to repeat to Christiania	Nansen refused to present Norwegian counter-proposal. W.T.B. proposal to be published shortly.	1115
485	Jan. 22 [Rec'd Jan. 23]	From the Minister in Norway (tel.)	Norway, fearing difficulties with Germany, requests that its offer to the United States be not published.	1115
216	Jan. 25	To the Minister in Norway (tel.)	U.S. proposal to Norway will be published without intimation of Norway's offer.	1116
494	Jan. 29 [Rec'd Jan. 30]	From the Minister in Norway (tel.)	Press comment on U.S. published proposal to Norway. Discussion with Foreign Minister of counter-proposal.	1116
218	Jan. 30	To the Minister in Norway (tel.)	Additions made to proposed schedule of commodities to be furnished Norway.	1117
	Feb. 2	The Norwegian Minister on Special Mission to the Chairman of W.T.B.	Reply to U.S. proposal of Dec. 19(20), 1917, for trade agreement with Norway.	1118
	Feb. 4	The Norwegian Minister on Special Mission to the Chairman of W.T.B.	Quotes German official press comment on U.S. proposal for trade agreement with Norway.	1126
505	Feb. 5 [Rec'd Feb. 6]	From the Minister in Norway (tel.)	Norway's reply to U.S. proposals published; thought not to be final reply.	1127

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6523	Feb. 9	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Text of W.T.B. note to Nansen agreeing to modification of proposal regarding exports to Central Powers.	1127
	Feb. 13	From the Norwegian Minister on Special Mission	Release of Norwegian ship <i>Kim</i> requested.	1128
	Feb. 14	The Norwegian Minister on Special Mission to the Counselor of W.T.B.	Modifications of Norwegian proposal of Feb. 2 regarding exports to Germany.	1129
	Feb. 16	The Norwegian Minister on Special Mission to the Chairman of W.T.B.	Statement of terms of agreement as understood by Norway.	1131
239	Feb. 21	To the Minister in Norway (tel.): W.T.B. to Schmedeman	Release of the <i>Kim</i> and the <i>Nobel</i> . Terms under which the agreement with Norway is to be concluded.	1134
8814	Feb. 26 [Rec'd Feb. 27]	From the Ambassador in Great Britain (tel.); to W.T.B. also	Transmits British observations and suggestions on proposed agreement with Norway.	1134

THE DRAFT AGREEMENT SUBMITTED TO THE ASSOCIATED GOVERNMENTS, MARCH 2—
DRAFT OF APRIL 1—DISCUSSIONS ON THE BASIS OF THESE DRAFTS—NORWAY'S
REAFFIRMATION OF NEUTRALITY, MARCH 9: ATTITUDE OF THE ASSOCIATED GOV-
ERNMENTS—AGREEMENT FOR CHARTERING NORWEGIAN SAILING VESSELS, APRIL 20

6751	Mar. 2	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	For submission to France and Great Britain: Text of draft agreement between W.T.B. and Norway.	1138
8928	Mar. 6	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Draft agreement with Norway considered satisfactory by the Allies.	1145
6789	Mar. 7	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Schedules showing annual import requirements of Norway.	1146
8935	Mar. 7	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Comments on draft agreement with Norway and changes suggested.	1147
255	Mar. 9	To the Minister in Norway (tel.)	Export licenses issued to Norwegian Food Commission for shipment of seeds.	1149
576	Mar. 9 [Rec'd Mar. 10]	From the Minister in Norway (tel.)	Transmits Norwegian note: Reaffirmation of neutrality.	1150
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610	Mar. 22	From the Minister in Norway (tel.)	Norway's change of attitude in regard to proposed agreement.	1151
309	Mar. 22 [Rec'd Mar. 23]	From the British Ambassador on Special Mission	Proposed reply to Norway's note on German demands submitted for concurrence in joint presentation.	1152
616	Mar. 25	From the Minister in Norway (tel.): Dye to W.T.B.	Recommends that export licenses to Norway cease until assurances given of no requisition by the Government.	1153
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7103	Apr. 1	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	W.T.B. message to be repeated to Minister in Norway, conveying text of draft agreement of Apr. 1.	1154
274	Apr. 2	To the Minister in Norway (tel.)	Note to Foreign Minister: Norway is reminded of its rights as a neutral, including its right of negotiation.	1154
	Apr. 12	The Norwegian Minister on Special Mission to the Chairman of W.T.B.	Remarks on last draft of agreement and objections to certain points therein.	1155
	Apr. 15	The Norwegian Minister on Special Mission to the Chairman of W.T.B.	Quantity of nitrates available for export from Norway to the United States and associates.	1161
	Apr. 17	The Norwegian Minister on Special Mission to the Chairman of W.T.B.	Additional points of difference to be adjusted in draft agreement.	1162
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	May 3	To the French Ambassador; <i>mutatis mutandis</i> , to the British and Italian Ambassadors	Presents copy of rationing agreement with Norway for approval of his Government.	1183
301	May 4	To the Minister in Norway (tel.): W.T.B. to Dye	Urges reorganization of Norwegian trade associations and creation of others under Allied Trade Committee.	1183
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706	May 6 [Rec'd May 7]	From the Minister in Norway (tel.): Dye to W.T.B.	Organization of Allied Trade Committee and trade associations under agreement.	1184
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	May 15 [Rec'd May 18]	From the French Ambassador	France approves rationing agreement of Apr. 30 with Norway.	1186
321	May 18	To the Minister in Norway (tel.): W.T.B. to Dye. Similar tel. to London	Approval of suggestion that association agreements be negotiated at Christiania instead of London.	1186
324	May 22	To the Minister in Norway (tel.): W.T.B. to Dye	Issuing of export licenses against certificates obtained prior to May 10.	1186
	May 25	Norwegian-American supplemental agreement	Cargoes of ships chartered under agreement of Apr. 20.	1187
598	May 29 [Rec'd June 1]	From the British Ambassador on Special Mission	British adherence to Norwegian agreement of Apr. 30.	1188
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890	Aug. 19 [Rec'd Sept. 12]	From the Chargé in Norway	Press report of unanimous approval by the Storting of agreement of Apr. 30.	1198
1365	Sept. 14	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Message to Dye: Authorization to sign corkmakers' agreement as corrected.	1198
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541	Nov. 1	To the Minister in Norway (tel.): W.T.B. to Owen	Terms to be used in drawing up corkmakers' and other branch agreements.	1199

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THE MODUS VIVENDI SIGNED JANUARY 29—NEGOTIATIONS REGARDING ITS APPLICATION—MODIFICATION OF THE AMERICAN BUNKERING REGULATIONS—PROPOSALS FOR A GENERAL AGREEMENT—PLAN FOR THE PURCHASE OF SWEDISH IRON ORE

8204	Jan. 9 [Rec'd Jan. 10]	From the Ambassador in Great Britain (tel.)	Sweden's delay in trade negotiations with the Allies interpreted as result of understanding with Germany.	1200
8242	Jan. 11 [Rec'd Jan. 12]	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Proposes <i>modus vivendi</i> with Sweden to secure tonnage for carrying coal to France and Italy.	1201
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1583	Feb. 27 [Rec'd Feb. 28]	From the Minister in Sweden (tel.)	Text of Swedish memorandum: terms under which ship-owners are willing to abide by U.S. bunker regulations.	1210
6748	Mar. 2	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Suggestions and comments on rationing of Sweden and on tonnage proposal, and authorization to close agreement.	1211
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1682	Mar. 15 [Rec'd Mar. 16]	From the Minister in Sweden (tel.)	Swedish desire for a specific guaranty of imports.	1212
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1773	Mar. 27 [Rec'd Mar. 28]	From the Minister in Sweden (tel.)	German opposition to Swedish <i>modus vivendi</i> and proposed permanent agreement with Allies.	1213
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9298	Apr. 1	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Explanations regarding rationing proposal; question of U.S. signature to Swedish agreement.	1215
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10003	May 11	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Proposed memorandum to Sweden representing U.S. willingness to grant licenses conditionally under agreement.	1227
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THE AGREEMENT BETWEEN SWEDEN AND THE ALLIED POWERS, MAY 29; ENGAGEMENT OF THE WAR TRADE BOARD TO GRANT LICENSES UNDER THE AGREEMENT

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8244	June 14	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	<i>Modus vivendi</i> will continue in operation until Sweden ratifies agreement of May 29.	1275
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882	June 24	To the Minister in Sweden (tel.): W.T.B. to Owen	Swedish ships released with rations under agreement.	1278
436	June 26	To the Swedish Min- ister	U.S. position regarding the <i>Kronprins Gustaf Adolf</i> and the <i>Pacific</i> .	1278
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PROTEST OF THE AMERICAN GOVERNMENT, SEPTEMBER 20, AGAINST SWEDISH EX-
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MOLYBDENUM

2694	Aug. 22 [Rec'd Aug. 23]	From the Chargé in Sweden (tel.)	Swedish exports to Germany which were contracted for prior to agreement of May 29.	1281
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3094	Nov. 2	From the Chargé in Sweden (tel.)	Swedish reply regarding exports to Central Powers received and will be forwarded.	1293
3225	Dec. 4	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	U.S. participation in purchase of Norwegian molybdenum and Swedish iron ores.	1293
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NEGOTIATIONS WITH DENMARK CONCERNING EXPORTS AND SHIPPING

THE WAR TRADE BOARD'S PROPOSAL FOR A TRADE AND SHIPPING AGREEMENT, JANUARY 17—THE DANISH REPLY, FEBRUARY 13—AMERICAN INSISTENCE ON THE USE OF CHARTERED TONNAGE IN THE WAR ZONE

1763	Jan. 2 [Rec'd Jan. 4]	From the Chargé in Denmark (tel.): Hurley to W.T.B.	Report on general conditions in Denmark.	1295
6198	Jan. 8	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Instructions to confer with Allies on Danish needs regarding trade and tonnage.	1297

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6297	Jan. 19	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Proposed trade and shipping agreement delivered to Danish Minister, Jan. 17.	1299
1850	Jan. 23 [Rec'd Jan. 24]	From the Chargé in Denmark (tel.)	Suggests that Denmark be requested to maintain ordinary export rules during negotiations for agreement.	1305
697	Jan. 28	To the Chargé in Denmark (tel.)	Quotes W.T.B. note to Danish Minister on application of proposed agreement to exports to Central Powers.	1305
40.A. XXIX.n	Feb. 5	The Danish Minister to the Chairman of W.T.B.	Denmark is opposed to publicity regarding terms of agreement.	1305
1935	Feb. 10 [Rec'd Feb. 11]	From the Chargé in Denmark (tel.)	Denmark objects to proposed bunker regulations, use of its ships in danger zone, and reduction of exports.	1307
1949, 1951	Feb. 14 [Rec'd Feb. 16]	From the Chargé in Denmark (tel.)	Quotes Danish counterproposal to W.T.B., with modified draft agreements.	1308
742	Feb. 19	To the Chargé in Denmark (tel.)	Concessions regarding bunker regulations in favor of Denmark.	1317
1982	Feb. 23 [Rec'd Feb. 24]	From the Chargé in Denmark (tel.)	W.T.B. Representative's memorandum on advantages and disadvantages of an agreement with Denmark.	1317
759	Mar. 1	To the Chargé in Denmark (tel.): from W.T.B.	Possible U.S. exportation to Denmark of raw material.	1319
761	Mar. 1	To the Chargé in Denmark (tel.): from W.T.B.	Danish draft agreement rejected because of unsatisfactory tonnage proposal.	1319
2010	Mar. 3	From the Chargé in Denmark (tel.)	Conversation with Foreign Minister regarding U.S. rejection of draft agreement.	1320
40.A. XXIX.n	Mar. 13 [Rec'd Mar. 14]	From the Danish Minister	Danish attitude toward the proposed agreement.	1320

DANISH ASSENT TO THE USE OF SHIPS IN THE WAR ZONE, MARCH 18—DISPATCH OF A SPECIAL MISSION TO THE UNITED STATES—NEGOTIATIONS AT WASHINGTON FOR AN AGREEMENT—BRITISH AND FRENCH OBJECTIONS TO THE PROPOSED TERMS

6974	Mar. 20	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Quotes Danish assent to use of ships in war zone. Inquires British and French attitude toward agreement.	1323
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NEGOTIATIONS WITH DENMARK CONCERNING EXPORTS AND SHIPPING—Continued

No.	Date	From and to whom	Subject	Page
9183	Mar. 22 [Rec'd Mar. 23]	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Great Britain and France deem a Danish agreement desirable.	1324
2072	Mar. 22 [Rec'd Mar. 23]	From the Chargé in Denmark (tel.)	Suggests export of certain raw materials to Denmark to prevent emigration of unemployed to Germany.	1325
2073	Mar. 22	From the Chargé in Denmark (tel.)	British and French opinion that supply of raw material to Denmark will jeopardize agreement.	1326
	Apr. 11	To the Danish Minister	The United States does not intend to requisition Danish ships.	1326
2211	Apr. 29	From the Chargé in Denmark (tel.)	Recommends immediate concessions to secure Danish shipping.	1327
850	May 8	To the Chargé in Denmark (tel.): from W.T.B.	Questions desirability of agreement with Denmark in respect to tonnage.	1328
40.A. XXIX-n	May 11 [Rec'd May 13]	From the Danish Minister	Dispatch of mission to the United States to negotiate shipping and trade agreements.	1329
2315	May 22	From the Chargé in Denmark (tel.)	Recommends requisition of ships in view of probable Danish demands.	1329
926	June 22	To the Chargé in Denmark (tel.)	W.T.B., in conferences with Danish commissioners, has held to terms of proposal of Jan. 17.	1330
2452	June 29	From the Chargé in Denmark (tel.)	Proposed measures to weaken position of Central Powers in negotiations with Denmark.	1330
10964	June 29	From the Chargé in Great Britain (tel.): Taylor to W.T.B.	British and French objections to proposed terms of agreement.	1331
953	July 6	To the Chargé in Denmark (tel.)	License for shipment of wrought iron tubing, etc., to Denmark will be given when deemed advisable.	1331
114	July 8	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	Substantially all blockade measures have been agreed upon except rations.	1322
196	July 9	From the Chargé in Great Britain (tel.): Taylor to W.T.B.	Attitude of the Allies toward Danish exports to Germany.	1332
219	July 10	From the Chargé in Great Britain (tel.): Taylor to W.T.B.	French and British disapproval of Denmark's new proposal to export fish and agricultural products to Germany.	1332
318	July 15	From the Chargé in Great Britain (tel.): Taylor to W.T.B.	British observations on tonnage negotiations with Denmark.	1333
339	July 22	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Possibility of dropping negotiations with Denmark.	1335

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NEGOTIATIONS WITH DENMARK CONCERNING EXPORTS AND SHIPPING—Continued

No.	Date	From and to whom	Subject	Page
2554	July 22	From the Chargé in Denmark (tel.)	Four months' commercial agreement between Denmark and the Central Powers.	1335
459	July 27	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon, to repeat to Copenhagen	British disapproval of certain deduction from amount of tonnage for Allies and of concession for Danish ships sunk.	1335
2571	Aug. 1 [Rec'd Aug. 2]	From the Chargé in Denmark (tel.)	Danish concessions regarding tonnage and reduction of exports to Germany.	1336
827	Aug. 4	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Limitation of Danish exports to Germany and requisition of Danish shipping.	1336
716	Aug. 10	To the Ambassador in Great Britain (tel.)	Status of Danish tonnage negotiations. Reason for speedy conclusion of agreement.	1337
1104	Aug. 14 [Rec'd Aug. 15]	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	British concurrence in Danish agreement awaits result of negotiations on limitation of exports to Germany.	1338
	Aug. 30	The Chairman of W.T.B. to the Danish Minister	Probable result of delay in conclusion of negotiations with Denmark.	1338

THE DANISH-AMERICAN AGREEMENTS OF SEPTEMBER 18—THE ANGLO-DANISH SHIPPING AGREEMENT

	Sept. 18	Danish - American agreement	Danish imports and exports.	1339
	Sept. 18	Danish - American agreement	Charter of Danish tonnage to the United States and Great Britain.	1348
	Sept. 18	The Chairman of W.T.B. to the Danish Minister	Mutual understanding of terms of agreements of Sept. 18 between the United States and Denmark.	1352
1491	Sept. 20	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Extract from Anglo-Danish shipping agreement regarding coal shipments, etc.	1361
2817	Sept. 21	From the Chargé in Denmark (tel.)	General satisfaction and relief in Denmark at signing of Danish-American agreement.	1361

THE COMMERCIAL AGREEMENT BETWEEN THE ALLIED POWERS AND ICELAND, MAY 23; CONCURRENCE OF THE WAR TRADE BOARD OF THE UNITED STATES, SEPTEMBER 11

8421	Jan. 28 [Rec'd Jan. 29]	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Proposed agreement with Iceland for restriction of enemy supplies; requisition of wool suggested.	1362
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THE COMMERCIAL AGREEMENT BETWEEN THE ALLIED POWERS AND ICELAND,
MAY 23; CONCURRENCE OF THE WAR TRADE BOARD, ETC.—Continued

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8540	Feb. 6	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	U.S. approval sought for suspension of Icelandic trade pending negotiations.	1362
6673	Feb. 23	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Icelandic trade licenses will be withheld pending negotiations.	1363
10185	May 22 [Rec'd May 23]	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	The Allies conclude commercial agreement with Iceland.	1363
	May 23	Agreement between the Allies and Iceland	Icelandic imports and exports.	1363
7971	May 27	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	Instruction to cable full text of Icelandic agreement before adhering thereto.	1371
8006	May 29	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	Inquiry regarding exclusion of Standard Oil Co. from Iceland. Wool and sheepskins will be bought.	1372
10375	May 31 [Rec'd June 1]	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	Negotiations for Icelandic trade, especially oil.	1372
10635	Undated [Rec'd June 14]	From the Chargé in Great Britain (tel.): Bigelow to W.T.B.	Data on Icelandic wool available for the United States.	1373
10832	June 24	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	Standard Oil Company's complaint against Icelandic Government's control of oil consignments.	1373
10919	June 28	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	British Consul, Iceland, quotes Icelandic Prime Minister on U.S. delay on carrying out terms of agreement. Icelandic representations of June 25.	1374
	Sept. 9	Supplemental agreement between the Allies and Iceland	Text of supplemental agreement with Standard Oil Co. to supply Iceland with petroleum products.	1375
	Sept. 11	The W.T.B. Representative to the British Representative	W.T.B. concurrence in principal and supplemental agreements between the Allies and Iceland.	1376

THE TAKING OVER OF DUTCH SHIPS—AGREEMENTS REGARDING EXPORTS TO
THE NETHERLANDSNEGOTIATIONS FOR DEFINITIVE RATIONING AND TONNAGE AGREEMENTS—PRO-
VISIONAL ARRANGEMENT, JANUARY 25, FOR THE EMPLOYMENT OF DUTCH SHIPS
IN UNITED STATES PORTS

8117	Jan. 1 [Rec'd Jan. 3]	From the Ambassador in Great Britain (tel.)	Conferences on Dutch trade; memoranda drafted for submission to the Netherlands.	1377
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NETHERLANDS—Continued

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8118	Jan. 1	From the Ambassador in Great Britain (tel.)	Terms proposed as most workable, short of requisition, for use of Dutch shipping by the Allies.	1381
8130	Jan. 2 [Rec'd Jan. 3]	From the Ambassador in Great Britain (tel.)	Provisional arrangement for use of Dutch tonnage as suggested by Sheldon.	1382
6171	Jan. 5	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Counterproposal on provisional tonnage arrangement; disposition of eight ships postponed until permanent understanding is reached.	1382
6172	Jan. 5	To the Ambassador in Great Britain (tel.); to Sheldon also	Intention to requisition Dutch tonnage if reasonable proposals refused.	1383
892	Jan. 7	To the Minister in the Netherlands (tel.)	Intention to requisition Dutch tonnage if reasonable proposals refused.	1383
8205	Jan. 9 [Rec'd Jan. 10]	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Recommends quick action regarding tonnage agreement with the Netherlands. Reasons.	1384
1816	Jan. 10 [Rec'd Jan. 11]	From the Minister in the Netherlands (tel.)	Submits to the President report on Netherland policy and conditions; recommendations.	1385
6236	Jan. 12	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	U.S. position regarding Dutch tonnage; views of Allied conference requested.	1387
8249	Jan. 12	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Text of Netherland message on tonnage negotiations. Comments.	1388
6252	Jan. 15	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Agrees to Netherland proposal with certain changes.	1389
8282	Jan. 17 [Rec'd Jan. 18]	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Quotes telegram of Netherland representative to his Government stating terms of U.S. proposed agreement.	1390
1899	Jan. 17 [Rec'd Jan. 18]	From the Minister in the Netherlands (tel.)	Netherland request for release of the <i>Nieuw Amsterdam</i> with officials on board.	1391
924	Jan. 19	To the Minister in the Netherlands (tel.)	Sailing of the <i>Nieuw Amsterdam</i> authorized, conditional upon its return to the United States.	1391
1906	Jan. 19 [Rec'd Jan. 20]	From the Minister in the Netherlands (tel.)	German prize-court regulations applied to Dutch ships, causing delay in sailing of the <i>Nieuw Amsterdam</i> .	1391
1920	Jan. 23	From the Minister in the Netherlands (tel.)	Netherland guaranty that the <i>Nieuw Amsterdam</i> will return immediately after next homeward voyage.	1392

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No.	Date	From and to whom	Subject	Page
648	Jan. 25	From the Netherland Minister	Confirmation of provisional agreement for charter to the United States of Dutch ships in its ports.	1392
	Jan. 28	To the Commissioner of Docks and Ferries of New York	Notification that Dutch ships in New York Harbor will soon be freed.	1393
	Feb. 2	Maj. Grimprel of French High Commission to the Chairman of W.T.B.	France will not detain nor requisition Dutch ships with supplies for Switzerland.	1393
8621	Feb. 12	From the Ambassador in Great Britain (tel.): from Garrett, to W.T.B. also	German objections thought not to compromise conclusion of permanent Netherland agreement. Modification of terms.	1394
	Feb. 25	Department memorandum	Conversation with Netherland Minister on situation with respect to grains.	1395
	Feb. 26	The British War Mission to the W.T.B.	British position in regard to Netherland shipping agreement.	1396

DIFFICULTIES AND DELAYS IN EXECUTING THE PROVISIONAL ARRANGEMENT AND CONCLUDING THE FINAL AGREEMENTS—DUTCH REQUEST FOR ADVANCE GRAIN SHIPMENTS—NEW TONNAGE PROPOSALS, WITH TIME LIMIT FOR ACCEPTANCE, MADE BY THE BRITISH GOVERNMENT, MARCH 8

6709	Feb. 27	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	German threats delay Netherland fulfillment of tonnage agreement. Requisition considered.	1397
2088	Mar. 3 [Rec'd Mar. 4]	From the Minister in the Netherlands (tel.)	Postponement of requisitioning Dutch ships advised. Reasons.	1399
8894	Mar. 4	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Great Britain urges prompt Netherland acceptance of tonnage agreement.	1401
8917	Mar. 6	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	War Cabinet approves requisition of Dutch ships failing acceptance of tonnage agreement; inquiry regarding movements of <i>modus vivendi</i> ships.	1402
2101	Mar. 6 [Rec'd Mar. 7]	From the Minister in the Netherlands (tel.)	Instructions requested on proposed public statements to Foreign Office upon lapse of <i>modus vivendi</i> and taking over of Dutch tonnage.	1403
2014	Mar. 8	From the Netherland Minister	Delay in response to request for advance food shipments to the Netherlands.	1404

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2112	Mar. 8	From the Minister in the Netherlands (tel.)	Foreign Minister communicates number and status of Dutch ships in U.S. ports.	1404
6805	Mar. 8	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon, to repeat to Garrett and Stevens	Insistence that Netherlands agreement to tonnage arrangement be unconditional. Danger of delay.	1405
1017	Mar. 8	To the Minister in the Netherlands (tel.)	Authorizes publicity to circumstances surrounding offer of food to the Netherlands and to evidences of German coercion.	1405
8951	Mar. 8	From the Ambassador in Great Britain (tel.): from Sheldon, to W.T.B. also	New tonnage proposals, with time limit for acceptance, made by British Government to the Netherlands.	1406
6826	Mar. 9	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Information regarding movements of Dutch ships in American waters.	1407
8989	Mar. 9	From the Ambassador in Great Britain (tel.): Sheldon and Stevens to W.T.B. and U.S. S.B.	Recommends adherence to new British proposal and avoidance of immediate requisition.	1408
	Mar. 11	From the Netherlands Minister	Representations against use of Dutch ships in war zone.	1408
6857	Mar. 12	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon, to repeat to Stevens and Garrett	Netherlands Minister is notified of intention to use Dutch ships without restriction of trading limits; resulting concessions.	1409
2138	Mar. 13 [Rec'd Mar. 14]	From the Minister in the Netherlands (tel.)	Cause of Netherlands delay in executing provisional arrangement.	1410
6881	Mar. 14	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon, to repeat to Garrett	Recommends that Netherlands reply be rejected unless acceptance of terms of agreement be without reservation.	1412
6889	Mar. 14	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon, to repeat to Stevens and Garrett	In case of requisition of Dutch ships, trade of the Netherlands with her colonies would be facilitated.	1413
9071	Mar. 15	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Sheldon's letter to Cecil proposing joint notification to the Netherlands of certain concessions in case agreement is reached.	1413
9088	Mar. 18	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Cecil considers it inadvisable to lift embargo on Dutch commodities.	1414

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No.	Date	From and to whom	Subject	Page
1031	Mar. 18	To the Minister in the Netherlands (tel.)	Requisition of Dutch ships imminent. Instructions to cable any action the Netherlands may take.	1414
9087	Mar. 18	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Quotes British Minister at The Hague on Netherland offer to confirm agreement conditionally; text of British refusal.	1414
6940	Mar. 19	To the Ambassador in Great Britain (tel.)	Immediate information requested to facilitate final action as to Dutch ships.	1415
6957	Mar. 19	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon, to repeat to Garrett	List of concessions to the Netherlands in event of requisitioning of ships. Instructions.	1415
9130	Mar. 20	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Great Britain will requisition Dutch ships simultaneously with the United States.	1416

PROCLAMATION AUTHORIZING THE TAKING OVER OF DUTCH SHIPS, MARCH 20—EXPLANATORY STATEMENT BY THE PRESIDENT—BRITISH STATEMENT IN EXPLANATION OF PARALLEL ACTION—TERMS REGARDING USE OF THE SHIPS

1436	Mar. 20	Proclamation	Possession and utilization of Dutch ships.	1416
	Mar. 21	Public statement by President Wilson	Explanation of the taking over of Dutch ships by the United States.	1417
	Mar. 21	From the Commercial Adviser of the British Embassy	Forwards text of British statement to be made to Netherland Foreign Minister on requisition of ships.	1420
1047	Mar. 21	To the Minister in the Netherlands (tel.)	Assurances to the Netherlands of equitable terms for use of Dutch ships.	1423
6984	Mar. 21	To the Ambassador in Great Britain (tel.): Hurley to Stevens	Shipping Board's terms for use of Dutch ships. Publicity desired.	1423
	Mar. 22	Article by Wm. H. Taft	Published article on "The Seizure of the Dutch Ships."	1425
2184	Mar. 22 [Rec'd Mar. 23]	From the Minister in the Netherlands (tel.)	Dutch press comment on requisition of ships by Associated Powers.	1426
2186	Mar. 22 [Rec'd Mar. 23]	From the Minister in the Netherlands (tel.)	Netherland Government protests against requisition of ships by Associated Powers.	1428
2201	Mar. 25 [Rec'd Mar. 26]	From the Minister in the Netherlands (tel.)	News agency suggests statement by President Wilson on points on which Netherland dissatisfaction is manifest.	1429
9240	Mar. 27	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Foreign Office inquires reason for release of Dutch ships Borneo and Cornelis.	1431

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No.	Date	From and to whom	Subject	Page
2825-A	Mar. 28	Executive order	Authority for Secretary of the Navy to take possession of equipment and stores on Dutch ships in U.S. jurisdiction.	1432
7062	Mar. 28	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	British delivery of ultimatums to the Netherlands in name of Associated Governments without U.S. authorization.	1432
7073	Mar. 29	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Explanation of release of Dutch ships <i>Borneo</i> and <i>Cornelis</i> .	1433
1070	Mar. 29	To the Minister in the Netherlands (tel.)	U.S. views on points raised by news agency regarding ultimatum, to be used at Minister's discretion.	1434

DECLARATIONS AND PROTESTS OF THE NETHERLAND GOVERNMENT, MARCH 30 AND 31—INCIDENTAL UNDERTAKINGS REGARDING DISPOSAL OF THE SHIPS' CARGOES AND OTHER POINTS—PROPOSALS FOR IMMEDIATE GRAIN SHIPMENTS TO THE NETHERLANDS—AMERICAN REPLIES, APRIL 12, TO PROTESTS OF THE NETHERLAND GOVERNMENT—BRITISH REPLY, APRIL 25

2228	Mar. 30 [Rec'd Mar. 31]	From the Minister in the Netherlands (tel.)	Netherland declaration regarding proclamation of Mar. 20 and public statement of President Wilson.	1437
	Mar. 30	The Netherland Foreign Minister to the British Minister in the Netherlands	Protest to Great Britain against requisition of Dutch ships.	1440
	Apr. 1	From the Netherland Minister	Presents Netherland protest to the United States against requisition of ships.	1444
	Apr. 1	The Netherland Minister to the Chairman of W.T.B.	Questions as to disposition of cargoes and other matters affecting Dutch ships taken over by the United States.	1446
9299	Apr. 1	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	British ultimatum to the Netherlands was not submitted to Sheldon nor to U.S. Embassy for approval.	1447
2232	Apr. 1 [Rec'd Apr. 2]	From the Minister in the Netherlands (tel.)	Interview with Foreign Minister on trade negotiations and U.S. willingness to supply rations to the Netherlands.	1448
7130	Apr. 3	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Proposed offer to the Netherlands of commodities which would have been secured under general rationing agreement.	1449
2271	Apr. 6	From the Minister in the Netherlands (tel.)	U.S. assurances regarding the <i>Prinses Juliana</i> are negated by report that ship has been seized at Hongkong.	1450

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2276	Apr. 6 [Rec'd Apr. 7]	From the Minister in the Netherlands (tel.)	Netherlandsituation explained; release of two grain ships recommended.	1450
	Apr. 8	To the Netherland Minister	Equitable settlement offered the Netherlands regarding disposal of ships' cargoes and other points.	1451
1085	Apr. 8	To the Minister in the Netherlands (tel.)	Instructions to present to For- eign Office terms for charter- ing of Dutch ships.	1454
1088	Apr. 9	To the Minister in the Netherlands (tel.)	Explanation of assurances rela- tive to the <i>Prinses Juliana</i> .	1454
9425	Apr. 9	From the Ambassa- dor in Great Brit- ain (tel.): Sheldon to W.T.B.	Points on which there is a mis- understanding regarding pro- posed Netherland agreement.	1455
2284	Apr. 10	From the Minister in the Netherlands (tel.)	Netherland threat to hold Bel- gian Relief supplies. Ship- ment of grain urged to relieve serious situation.	1455
1095	Apr. 11	To the Minister in the Netherlands (tel.)	Proposes, as exceptional case, to supply grain to the Nether- lands in three unrequisioned ships, on principle of ex- change.	1456
1100	Apr. 11	To the Minister in the Netherlands (tel.)	Offer of three grain ships to the Netherlands in return for ex- change tonnage.	1457
	Apr. 12	To the Netherland Chargé	U.S. reply to Netherland pro- test against taking over of ships.	1458
	Apr. 13	Department public statement	Justification of U.S. policy re- garding the Netherlands.	1460
	Apr. 12	To the Netherland Minister	Copy of public statement in justification of U.S. policy regarding the Netherlands.	1460n
2309	Apr. 13 [Rec'd Apr. 14]	From the Minister in the Netherlands (tel.)	Terms agreed upon in pay- ment for Dutch requisitioned ships have been presented to Government and to press.	1463
9537	Apr. 16	From the Ambassa- dor in Great Brit- ain (tel.): Sheldon to W.T.B.	Foreign Office advises against further supplies for the Neth- erlands without definite agreement on certain points.	1463
2334	Apr. 17 [Rec'd Apr. 18]	From the Minister in the Netherlands (tel.)	Netherland hesitation in re- leasing ships to replace grain ships from America.	1464
7332	Apr. 18	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Permanent guaranty against requisition of Dutch ships is opposed. Importance of fur- nishing Dutch supplies.	1465
2337	Apr. 18 [Rec'd Apr. 19]	From the Minister in the Netherlands (tel.)	Cargo for Belgian Relief has been forwarded to Belgium.	1466
	Apr. 20	From the Nether- land Chargé	Netherland request for assur- ances that from Mar. 20 no Dutch ships will be seized or detained in U.S. ports.	1466

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7347	Apr. 20	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Statement of U.S. position; suggested offer of rations to the Netherlands and resumption of negotiations for agreement.	1466
1122	Apr. 22	To the Minister in the Netherlands (tel.)	Confirmation of assurances against further requisition of Dutch ships, including three grain ships.	1467
	Apr. 22 [Rec'd May 8]	From the Consul General at London	Circulation of ex-President Taft's article on requisitioning of Dutch ships.	1468
1127	Apr. 24	To the Minister in the Netherlands (tel.)	Instruction to present to the Netherlands Government U.S. good intentions in offer of grain.	1468
	Apr. 25	The British Foreign Secretary to the Netherlands Minister in Great Britain	Facts and legal principles involved in negotiations with the Netherlands and in requisitioning of Dutch ships.	1469
	Apr. 23 [Rec'd Apr. 25]	From the Netherlands Chargé	Notification that the Netherlands is sending convoy to Dutch East Indies for political and military purposes.	1479
2390	Apr. 26	From the Minister in the Netherlands (tel.)	State of Netherlands public feeling. Suggested offer of a quarter's rations and of renewed assurances against further requisitioning.	1479

ASSURANCES GIVEN TO THE NETHERLAND GOVERNMENT AGAINST FURTHER REQUISITIONING OF SHIPS—RENEWED CONSIDERATION OF RATIONING PROPOSALS—ARRANGEMENTS FOR THE SENDING OF SHIPS TO THE NETHERLANDS UPON OTHERS COMING IN EXCHANGE—GERMAN REQUIREMENT OF SAFE-CONDUCTS—ARRANGEMENTS REGARDING THE CREWS OF REQUISITIONED SHIPS

403	Apr. 26	To the Netherlands Chargé	Reply to request for formal assurances that Netherlands ships will not be seized or detained in U.S. ports.	1481
	Apr. 27	From the Netherlands Chargé	Request for U.S. formal assurances guaranteeing all ships under Netherlands flag in U.S. ports against seizure after Mar. 20.	1482
9737	Apr. 26 [Rec'd Apr. 27]	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Proposed joint declaration to the Netherlands that requisition has ceased and that importations in Dutch ships will be facilitated.	1482
	Apr. 29	To the Netherlands Chargé	Acknowledgment of receipt of Netherlands announcement of sending of convoy to Dutch East Indies.	1483
9781	Apr. 30	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Foreign Office requests that joint declaration should be postponed until Netherlands-German position is clear.	1484

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	May 4	From the Netherlands Chargé	Acceptance of terms of U.S. offer to send three grain ships to the Netherlands.	1484
7585	May 4	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Approval of proposed joint declaration to the Netherlands with certain understanding and exceptions.	1484
2457	May 4	From the Minister in the Netherlands (tel.)	Netherlands note of May 3 on terms of payment of indemnity for ships seized in U.S. ports.	1486
12	May 9	To the Netherlands Chargé	Qualified assurances to the Netherlands against future seizure of its ships.	1487
13	May 10	To the Netherlands Chargé	U.S. shipping regulations as applied to Dutch ships in U.S. ports. Qualified assurance against detention.	1487
	May 10	From the Netherlands Chargé	Requests bunkers in the United States for the <i>Jason</i> , <i>Cornelis</i> , and <i>Amsteldyk</i> to carry Argentine grain to the Netherlands.	1488
7707	May 11	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Necessity for adjustment of Dutch East Indian trade to meet U.S. import restriction program.	1489
10022	May 13	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Foreign Office requests that no declaration regarding future requisitioning of Dutch ships be made without consulting it.	1489
16	May 15	To the Netherlands Chargé	Bunkers for the <i>Jason</i> , <i>Cornelis</i> , and <i>Amsteldyk</i> can not be supplied. Reasons.	1490
2637	May 16 [Rec'd May 17]	From the Minister in the Netherlands (tel.)	Text of German prize ordinance, art. 55(c), revised Apr. 27. Its effect on Dutch shipping.	1491
	May 20	From the Netherlands Chargé	Presents Netherlands note of May 13 making representations against requisition of Dutch ships in U.S. ports.	1491
1222	May 20	To the Minister in the Netherlands (tel.)	Recommendation of prompt dispatch of ships from the Netherlands to lift grain accumulated in U.S. ports.	1493
2828	May 22 [Rec'd May 23]	From the Minister in the Netherlands (tel.)	Efforts to dispatch ships to the United States. German permits necessary.	1494
2881	May 24 [Rec'd May 25]	From the Minister in the Netherlands (tel.)	Dutch ships to be convoyed to East Indies with sufficient coal to obviate visit to foreign ports. British protest.	1494
	May 25 [Rec'd May 27]	From the Netherlands Chargé	Netherlands representations against seizure of the <i>Jason</i> , <i>Cornelis</i> , and <i>Amsteldyk</i> .	1495
2885	May 25	From the Minister in the Netherlands (tel.)	New German prize ordinance applies to Dutch shipping. German requirement of safe-conducts.	1496

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No.	Date	From and to whom	Subject	Page
2915	May 27	From the Minister in the Netherlands (tel.)	Proposed statement to the Netherlands concerning treatment of Dutch crews.	1497
1330	May 31	To the Minister in the Netherlands (tel.)	Statement regarding Dutch crews approved for transmission to Foreign Office.	1497
2980	May 31 [Rec'd June 1]	From the Minister in the Netherlands (tel.)	Netherland protest against new clause in German prize ordinance as applied to Dutch shipping.	1498
3000	June 3	From the Minister in the Netherlands (tel.)	The <i>Hector</i> and <i>Zijldijk</i> are sailing under German safe-conducts simultaneously with departure of the <i>Java</i> and <i>Stella</i> from America.	1499
1391	June 4	To the Minister in the Netherlands (tel.)	Terms offered Dutch owners for use of ships taken over by the United States.	1499

REQUEST BY THE NETHERLAND GOVERNMENT FOR RESUMPTION OF NEGOTIATIONS FOR A RATIONING AGREEMENT, JUNE 4—ARRANGEMENTS FOR A CONVOY TO THE NETHERLAND EAST INDIES—PROPOSAL BY THE UNITED STATES OF AN OFFER OF TWO MONTHS' RATIONS; OBJECTIONS BY GREAT BRITAIN—REQUIREMENT BY THE UNITED STATES OF A PROTEST BY THE NETHERLAND GOVERNMENT AGAINST THE GERMAN PRIZE LAWS AS A CONDITION ON SPECIAL GRAIN SHIPMENTS

3044	June 4	From the Minister in the Netherlands (tel.)	Netherland request for resumption of negotiations for rationing agreement.	1500
	June 6	From the Netherlands Chargé	German safe-conducts have been secured for certain ships. Request for U.S. release of others to transport cargoes to the Netherlands.	1500
8166	June 10	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon, to repeat to The Hague	Negotiations for adjustment of Dutch colonial trade with the United States in view of difficulties raised by import restrictions.	1502
3163	June 13 [Rec'd June 14]	From the Minister in the Netherlands (tel.)	Notification of British conditions under which Dutch convoy may proceed to East Indies.	1502
3189	June 16 [Rec'd June 17]	From the Minister in the Netherlands (tel.)	The Netherlands accepts British requirements for sailing of Dutch East Indian convoy.	1503
3194	June 17	From the Minister in the Netherlands (tel.)	France requires Netherland assurances like those given Great Britain on East Indian convoy. Request for instructions.	1504
1641	June 19	To the Minister in the Netherlands (tel.)	Department does not wish any steps taken regarding East Indian convoy.	1504
	June 20	From the Netherlands Chargé	Representations regarding conditional assurances given by the United States against requisition of Dutch ships.	1504

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1656	June 21	To the Minister in the Netherlands (tel.); to repeat to London	Proposed consignment of commodities to the Netherlands Oversea Trust.	1505
8397	June 24	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	Measures proposed whereby public opinion will force the Netherlands to send its ships to lift commodities.	1505
8486	June 28	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	Proposed offer of two months' rations to the Netherlands.	1506
3318	July 3	From the Minister in the Netherlands (tel.)	Netherland statement regarding convoy sent to East Indies, British conditions having been complied with.	1507
112	July 8	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	U.S. views on Dutch rations to be presented for Allied consideration.	1508
	July 9	To the Netherland Chargé	Netherland representations to Germany against prize regulations will be necessary as a condition for securing special grain shipments.	1510
	July 10	From the Netherland Chargé	Compliance with request to facilitate shipment of supplies to U.S. representatives in the Netherlands.	1511
265	July 11	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	Report that the Netherlands will make proposal for supplying rations, granting credit, etc.	1511
1753	July 12	To the Minister in the Netherlands (tel.)	Instruction to make known publicly that German prize ordinance, not requisition, prevents Dutch traffic with East Indies.	1511
3437	July 14	From the Minister in the Netherlands (tel.)	Suggests that Associated Powers propose identic agreement with N.O.T. Principles submitted for approval.	1512
263	July 17	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	Urgency of public proposal of rations to the Netherlands by Associated Governments before receipt of Netherland proposal.	1514

RESUMPTION OF EXPORTS TO THE NETHERLAND EAST INDIES, JULY 18—DETERMINATION OF A SCALE OF VALUES FOR REQUISITIONED SHIPS—CONSIDERATION OF AN AGREEMENT WITH THE NETHERLANDS OVERSEA TRUST

289	July 18	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Partial resumption of exports to the Dutch East Indies. Inquiry as to advisability of unreserved licensing.	1515
1797	July 25	To the Minister in the Netherlands (tel.)	Proposal amplifying compensation offer for ships lost, and option of replacement in kind.	1516

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No.	Date	From and to whom	Subject	Page
720	July 30	From the Ambassador in Great Britain (tel.): Taylor to W.T.B.	Opinion that general agreement will be long delayed; advice regarding trade with Dutch East Indies.	1517
29	Aug. 6	To the Netherland Chargé	Conditions imposed by President Wilson for supplying bunkers to grain ships have not been met by the Netherlands.	1517
	Aug. 8	From the Netherland Chargé	Netherland protests and German reply; limitation of exports to Germany; request for assurances of facilities for certain ships.	1518
754	Aug. 13	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Disapproval of British methods of conducting negotiations with the Netherlands.	1521
1106	Aug. 14 [Rec'd Aug. 15]	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Explanation of British action in Netherland negotiations.	1521
797	Aug. 15	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon, to repeat to The Hague	Offer of reciprocal trade increase between the United States and Dutch East Indies accepted by the Netherland Chargé.	1522
1426	Aug. 27 [Rec'd Aug. 28]	From the Ambassador in Great Britain (tel.); to Hurley also	Negotiations with Dutch ship-owners on scale of values and replacement terms for lost ships.	1522
1974	Aug. 27	To the Minister in the Netherlands (tel.)	Instructions for drafting and forwarding agreement with Oversea Trust regarding Netherland trade.	1524
4142	Aug. 28	From the Minister in the Netherlands (tel.)	Dutch misunderstanding of cause of detention of ships and nonarrival of supplies. Effect of sailing of the <i>Nieuw Amsterdam</i> .	1527
1556	Sept. 2 [Rec'd Sept. 3?]	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Conditions in the Netherlands point to N.O.T. agreement with Associated Powers. Fish agreement under way.	1528
	Sept. 3	From the Netherland Chargé	Claim that adequate publicity has been given Netherland protest against modification of German prize regulations.	1529

AGREEMENT FOR THE RESUMPTION OF GENERAL NEGOTIATIONS WITH THE NETHERLAND GOVERNMENT—AMERICAN PUBLIC STATEMENT ON THE NEGOTIATIONS, SEPTEMBER 20—REPORT OF THE SHIPPING BOARD ON DUTCH SHIPS, CREWS, AND CARGOES—AMERICAN OFFER OF COAL TO THE NETHERLANDS ON CONDITION OF COMPLETE EMBARGO ON FOOD EXPORTS TO GERMANY

2047	Sept. 13	To the Chargé in the Netherlands (tel.)	Note to the Netherlands offering to renew negotiations for agreement.	1530
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1433	Sept. 17	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	U.S. policy toward the Netherlands.	1531
	Sept. 20	To the Netherlands Chargé	Satisfactory publicity has not been given Netherlands protest to Germany. Statement of negotiations will be published.	1531
2078	Sept. 20	To the Chargé in the Netherlands (tel.)	U.S. public statement on negotiations with the Netherlands.	1532
4525	Sept. 21 [Rec'd Sept. 22]	From the Chargé in the Netherlands (tel.)	The Netherlands is ready to resume negotiations for agreement; prefers that they take place at The Hague.	1534
2175	Sept. 24	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	British opinion that agreement should be joint and under control of N.O.T. rather than Netherlands Government.	1535
	Undated [Rec'd Sept. 26]	The Chairman of the Shipping Board to President Wilson	Report on negotiations arising out of requisitioning of Dutch ships.	1536
1631	Sept. 26	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Dutch request to load additional cargo of grain on the <i>Frisia</i> has been denied.	1543
1708	Oct. 1	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	The United States is in accord with principle of utilizing the N.O.T. as control organization in Dutch trade.	1543
2154	Oct. 1	To the Chargé in the Netherlands (tel.)	U.S. offer of coal to the Netherlands on condition that export of foodstuffs to Germany cease.	1544
2158	Oct. 2	To the Chargé in the Netherlands (tel.)	Instructions to withhold telegram containing offer of coal to the Netherlands.	1546
4641	Oct. 3 [Rec'd Oct. 4]	From the Chargé in the Netherlands (tel.)	Press comment describing Netherlands attitude regarding U.S. public statement of Sept. 20.	1546
2513	Oct. 5	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	Suggested postponement of U.S. negotiations with the Netherlands for separate agreement; joint Allied agreement imminent.	1547
1954	Oct. 12	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	Suggested change in policy toward the Netherlands because of military developments. Department quoted authorizing offer of coal.	1548
2211	Oct. 12	To the Chargé in the Netherlands (tel.): W.T.B. to Edwards	Decision to support British in request that Netherlands negotiations be held in London.	1549
1959	Oct. 12	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	Favorable to postponement of negotiations for separate Netherlands agreements until general agreement is concluded.	1549

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2809	Oct. 15 [Rec'd Oct. 16]	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	Interview with Blockade Minister on British attitude toward Netherland negotiations.	1550
2341	Oct. 22	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon, to repeat to Edwards	Suggestion that Netherland agreement be based on plan of Allied supply of Dutch needs and cessation of exports to Germany.	1551
4856	Oct. 22 [Rec'd Oct. 23]	From the Chargé in the Netherlands (tel.)	Text of Netherland note of Oct. 21 stating U.S. coal offer will be submitted to Conference of London.	1552

NEGOTIATIONS WITH NETHERLAND REPRESENTATIVES IN LONDON—AGREEMENT WITH THE NETHERLAND GOVERNMENT, NOVEMBER 25—AGREEMENT WITH THE NETHERLANDS OVERSEA TRUST, DECEMBER 17, ADHERED TO BY THE WAR TRADE BOARD

3199	Oct. 29 [Rec'd Oct. 30]	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	Summary of memoranda submitted by Netherland delegates as preliminary to London negotiations.	1553
3372	Nov. 4	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	Reply of Associated Governments to Netherland memoranda; further negotiations in London.	1554
3498	Nov. 7	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	Proposal of <i>modus vivendi</i> , which is accepted by the Netherlands.	1555
2357	Nov. 8	To the Chargé in the Netherlands (tel.)	Modified proposals regarding indemnification for Dutch ships lost while under requisition.	1557
	Feb. 7, 1919	The Netherland Foreign Minister to the American Minister	Dutch shipowners agree to modified proposals regarding indemnification.	1557n
3551	Nov. 8, 1918	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	In anticipation of conclusion of agreement, the Netherlands requests facilities for certain imports.	1558
3553	Nov. 8	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	Rations recommended for the Netherlands and exports to Germany permitted by Allied delegates under pending agreement.	1559
2765	Nov. 12	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	In Netherland negotiations Great Britain has committed the United States without its consent.	1561
3682	Nov. 13	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	Proposed clause in general agreement by which Netherland Government will recognize N.O.T. agreement.	1563

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No.	Date	From and to whom	Subject	Page
3679	Nov. 12 [Rec'd Nov. 13]	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	Proposed increase in certain Dutch rations to relieve industrial depression.	1563
2810	Nov. 14	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	Insistence that Dutch imports from America be lifted by ships sent from the Netherlands.	1564
2811	Nov. 14	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	Agreed that Dutch ships may lift foodstuffs for the Netherlands when approved by Allied Blockage Committee and consigned to N.O.T.	1565
3727	Nov. 14 [Rec'd Nov. 15]	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	Conditions in the Netherlands make early conclusion of agreement advisable; U.S. signature urged. Text of agreement, with comments.	1565
2850	Nov. 16	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	Authorization to sign Netherlands agreement subject to certain modifications.	1570
2882	Nov. 18	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	Inquiries regarding signing of agreement with N.O.T.	1573
3814	Nov. 18	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	Proposed notification that Associated Powers will not hold agreement binding in case of change in Netherlands Government.	1573
2981	Nov. 22	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon	Disapproval of proposed notification to the Netherlands concerning effect which change of government would have on agreement.	1573
4026	Nov. 25	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	Netherlands agreement signed.	1574
	Nov. 25	Agreement between the Netherlands and the Associated Governments	Netherlands shipping, rations, and exports.	1574
4704	Dec. 18	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	N.O.T. agreement signed by British, French, Italian, and N.O.T. representatives.	1583
	Dec. 17	Agreement of Great Britain, France, and Italy with the N.O.T.	Control of Dutch trade.	1584
	Dec. 30	W.T.B. letter of adherence to agreement of Dec. 17	Qualified adherence, assuming obligations to grant export licenses.	1591
	Jan. 18, 1919	From W.T.B. Representative at The Hague (tel.)	Notification of N.O.T. assent to terms of W.T.B. adherence to agreement.	1591n

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INSISTENCE OF THE UNITED STATES ON THE OBLIGATION OF THE ASSOCIATED POWERS TO FURNISH SHIPPING FOR SWISS GRAIN SUPPLIES UNDER THE AGREEMENT OF DECEMBER 5, 1917—ALLOCATION OF DUTCH SHIPS FOR THIS PURPOSE—DIFFICULTY OF SECURING GERMAN SAFE-CONDUCTS—NEGOTIATIONS WITH SWITZERLAND CONCERNING THE EXPORT OF COTTON GOODS

6181	Jan. 5, 1918	To the Ambassador in Great Britain (tel.)	Importance of fulfillment of Allied and U.S. agreements to supply grain to Switzerland.	1592
8194	Jan. 8 [Rec'd Jan. 9]	From the Ambassa- dor in Great Brit- ain (tel.): from Sheldon, to W.T.B. also	Misunderstanding in regard to tonnage for Swiss grain. Use of Dutch ships in U.S. ports suggested.	1593
	Jan. 10 [Rec'd Jan. 11]	From the Swiss Min- ister	W.T.B. proposal of means of supplying grain to Switzer- land is not upheld by Great Britain. Urgent appeal for action.	1594
6258	Jan. 15	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Interpretation of terms of agreement with Switzerland and insistence upon fulfill- ment.	1595
1347	Jan. 16	To the Chargé in Switzerland (tel.)	Dresel to participate with British and French in nego- tiations with Switzerland for reduction of cotton and rub- ber exports to Germany.	1596
6298	Jan. 19	To the Ambassador in Great Britain (tel.): substance to Swiss Minister	British misconception of Swiss agreement. U.S. al- ternative in case Allies fail in fulfillment.	1596
1378	Jan. 22	To the Chargé in Switzerland (tel.): W.T.B. to Dresel	Approves Allies' policy to re- duce Swiss exportation to Central Powers. Desires elimination of unacceptable phrase from text of agree- ment.	1597
2480	Jan. 22 [Rec'd Jan. 24]	From the Chargé in Switzerland (tel.)	Interview with Swiss officials on U.S. fulfillment of agree- ment; difficulties with Great Britain concerning tonnage.	1598
1426	Jan. 30	To the Chargé in Switzerland (tel.)	Instruction to continue efforts to induce Switzerland to meet British views in order to ob- tain tonnage.	1598
2575	Feb. 4 [Rec'd Feb. 6]	From the Chargé in Switzerland (tel.): to W.T.B.	Swiss approval of elimination of phrase "of American ori- gin" from text of agreement.	1599
	Feb. 20 [Rec'd Feb. 21]	From the Swiss Min- ister	Calls attention to bread situa- tion in Switzerland, impend- ing crisis, and proposed solu- tion.	1599
1554	Mar. 1	To the Chargé in Switzerland (tel.)	Cites efforts being made to supply Switzerland with grain. Services of three Dutch ships secured.	1603
2765	Mar. 3 [Rec'd Mar. 4]	From the Chargé in Switzerland (tel.)	German provisioning bureau in Constantinople offers grain to Switzerland.	1603
2768	Mar. 4 [Rec'd Mar. 6]	From the Chargé in Switzerland (tel.)	Swiss appreciation of U.S. efforts to supply grain.	1604

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1604	Mar. 12	To the Minister in Switzerland (tel.); the same to the representatives in Argentina and Venezuela	Measures taken to obtain tonnage to move wheat from South America to Switzerland.	1604
2851	Mar. 15 [Rec'd Mar. 16]	From the Minister in Switzerland (tel.)	Turkey offers to open Dardanelles for wheat shipments from Odessa to Switzerland.	1604
2929	Mar. 24 [Rec'd Mar. 25]	From the Minister in Switzerland (tel.): Dresel to W.T.B.	Negotiations for agreement with Switzerland regarding export of cotton goods.	1605
1677	Mar. 26	To the Minister in Switzerland (tel.)	Proposes immediate shipments for Swiss relief provided German safe-conducts can be secured by Switzerland.	1606
1709	Apr. 1	To the Minister in Switzerland (tel.): W.T.B. to Dresel	Instructions regarding new agreement for exportation of cotton.	1607
3023	Apr. 6 [Rec'd Apr. 8]	From the Minister in Switzerland (tel.)	Question of feeding Switzerland; Swiss fear of Germany's refusal of safe-conducts.	1607
1740	Apr. 9	To the Minister in Switzerland (tel.)	Safe-conducts for Swiss imports not yet obtained. Other plans suggested for relieving situation.	1608
3515	Apr. 11	To the Ambassador in France (tel.): W.T.B. to McFadden	Negotiations with Switzerland for lumber, etc., should be conducted at Berne.	1609
3593	Apr. 12 [Rec'd Apr. 13]	From the Ambassador in France (tel.): McFadden to W.T.B.	Conference to be conducted at Berne to negotiate lumber agreement and settle other questions.	1609
3660	Apr. 19	From the Ambassador in France (tel.): McFadden to W.T.B.	Re export of leather from Switzerland: importance of acting in concert with other governments on Contingent Commission.	1610
	Apr. 24	From the Swiss Minister	German requirements before granting safe-conducts to ships transporting supplies for Switzerland.	1610
3710	Apr. 25	To the Ambassador in France (tel.): W.T.B. to McFadden	U.S. cooperation with other governments represented on Contingent Commission regarding exports to Switzerland.	1611
	Apr. 26	To the Swiss Minister	German terms for granting safe-conducts are acceptable; exception made in case of conveying certain ships.	1611
3760	Apr. 30 [Rec'd May 1]	From the Ambassador in France (tel.): McFadden to W.T.B.	German negotiations with the Swiss contrasted in character with those of Associated Powers.	1612

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AGREEMENT BETWEEN THE ASSOCIATED POWERS AND SWITZERLAND CONCERNING THE EXPORT OF WOOD TO FRANCE AND ITALY, MAY 1; SUPPLEMENTARY PROTOCOL ON OTHER SUBJECTS—ANNOUNCEMENT BY THE UNITED STATES, MAY 3, OF SHIPMENTS OF GRAIN UNDER NAVAL CONVOY—AGREEMENT REGARDING SWISS EXPORTS OF COTTON GOODS TO GERMANY, MAY 8—EFFORTS OF SWITZERLAND TO OBTAIN GERMAN AND AUSTRIAN SHIPS: ATTITUDE OF THE UNITED STATES, FRANCE, AND GREAT BRITAIN

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	May 1	Agreement between the Associated Powers and Switzerland	Export of wood to France and Italy.	1613
	May 1	Supplementary protocol to agreement between Associated Powers and Switzerland	Swiss reservations concerning certain exports; Allied commitment regarding certain Swiss imports.	1617
3210	Apr. 30 [Rec'd May 1]	From the Minister in Switzerland (tel.): to W.T.B.	Dresel's recommendation of assurances to Swiss regarding expedition of grain ships.	1618
1846	May 3	To the Minister in Switzerland (tel.)	German safe-conducts not effective for three months. Ships under U.S. convoy <i>en route</i> with grain for Switzerland.	1619
3273	May 7 [Rec'd May 9]	From the Minister in Switzerland (tel.)	Swiss appreciation of U.S. aid. French offer of coal to Switzerland.	1620
1888	May 10	To the Minister in Switzerland (tel.): W.T.B. to Dresel	Approval of lumber agreement. Instructions regarding Swiss imports.	1621
3313	May 9 [Rec'd May 11]	From the Minister in Switzerland (tel.): Dresel to W.T.B.	New cotton agreement signed. Swiss assurance against export of U.S. cotton to Germany.	1621
3344	May 12 [Rec'd May 14]	From the Minister in Switzerland (tel.)	German Legation's assertion that America does not wish to supply Switzerland. Swiss press comment.	1621
214	May 15	To the Swiss Minister	Agrees in principle to Swiss plan for acquiring German or Austrian ships in Spanish waters.	1622
3399	May 17 [Rec'd May 19]	From the Minister in Switzerland (tel.): Dresel to W.T.B.	Substance of proposed Swiss-German agreement. French protest. Further negotiations.	1623
1960	May 22	To the Minister in Switzerland (tel.): W.T.B. to Dresel	Five ships with grain for Swiss use have sailed under convoy. Others to follow.	1624
4175	May 24	To the Ambassador in France (tel.): W.T.B. to McFadden, to repeat to Dresel	Material for Swiss use in manufacture of munitions for the Allies not to be reckoned in Swiss ration.	1624
3439	May 23 [Rec'd May 25]	From the Minister in Switzerland (tel.): Heck to W.T.B.	German - Swiss convention signed.	1625

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	May 31	The Swiss Minister to Chairman of W.T.B.	Situation regarding exports to Switzerland; representations respecting the <i>Hans Maersk</i> and <i>Oluf Maersk</i> .	1625
	June 5	The Chairman of W.T.B. to the Swiss Minister	Arrangements for charter of the <i>Hans Maersk</i> and <i>Oluf Maersk</i> to transport general cargo to Switzerland.	1627
1215	June 11	To the Ambassador in Spain (tel.)	Instructions to represent U.S. interests in negotiations between Spain and Switzerland for acquisition by latter of German and Austrian ships.	1628
	June 17	The French High Commissioner to the Chairman of W.T.B.	Shipments for Switzerland may continue via Bordeaux until German safe-conducts become effective.	1629
3422	June 6 [Rec'd June 27]	From the Minister in Switzerland	Transmits Swiss letters of May 29 confirming oral assurances against export of U.S. cotton to the enemy.	1629
3461	June 10 [Rec'd June 27]	From the Minister in Switzerland	Swiss ratification of lumber convention and protocol of May 1. Enclosure: official notification, June 7.	1631
	July 1	The French High Commissioner to the Chairman of W.T.B.	French attitude toward acquisition by Switzerland of Austrian ships in Spanish waters.	1632
4407	July 9 [Rec'd July 10]	From the Ambassador in France (tel.): McFadden to W.T.B.	Swiss mission <i>en route</i> to Madrid to negotiate for Austrian and German ships. Austrian terms. Comments.	1633
1348	July 23	To the Ambassador in Spain (tel.): W.T.B. to Chadbourne	U.S. position in regard to terms of Austrian proposal of sale of ships to Switzerland.	1635
4037	July 22 [Rec'd July 24]	From the Minister in Switzerland (tel.): Dresel to W.T.B.	Cotton agreement, ratified with modification, now awaits Swiss acceptance.	1636
4090	July 26 [Rec'd July 28]	From the Minister in Switzerland (tel.): Dresel to W.T.B.	Cotton agreement ratified by Switzerland.	1637
	Aug. 12	From the Swiss Chargé	German safe-conduct agreement is in operation relative to ships in Swiss transportation service.	1637
	Aug. 15	From the Swiss Legation	Difficulties experienced by Switzerland in efforts to acquire German and Austrian ships in Spanish waters.	1638
	Aug. 23	To the Swiss Legation	U.S. understanding of, and attitude toward, Swiss negotiations to secure shipping.	1639
4862	Aug. 23 [Rec'd Aug. 24]	From the Chargé in France (tel.): McFadden to W.T.B.	Unsuccessful conclusion of Swiss negotiations for Spanish and Austro-German tonnage. German offer. British disapproval.	1641

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NEGOTIATIONS WITH SWITZERLAND CONCERNING EXPORTS—Continued

No.	Date	From and to whom	Subject	Page
	Sept. 14	Third Secretary of British Embassy to Chairman of W.T.B.	Foreign Office telegram: British opinion on subject of tonnage for Switzerland.	1643
	Sept. 20	Chairman of W.T.B. to Counselor of British Embassy	Reply to British argument against Swiss use of German tonnage.	1645

EXTENSION OF THE GENERAL AGREEMENT OF DECEMBER 5, 1917—DISCUSSION OF A NEW GENERAL AGREEMENT—ITALIAN-SWISS AGREEMENT, OCTOBER 23, 1918

3015	Sept. 28	To the Minister in Switzerland (tel.): W.T.B. to Dresel	Offer to extend exports to Switzerland beyond time limit of agreement and to facilitate shipping.	1647
1682	Sept. 28	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon. Similar tel. to McFadden	Text of proposed representations to Italy against independent Italian-Swiss agreement.	1648
5771	Oct. 1	To the Ambassador in France (tel.): W.T.B. to McFadden	W.T.B. letter of Sept. 28 to French High Commission proposing negotiations at Washington for new Swiss general agreement.	1649
5026	Oct. 3 [Rec'd Oct. 5]	From the Minister in Switzerland (tel.): Dresel to W.T.B.	Swiss statement of actual deliveries of foodstuffs from the United States, emphasizing their inadequacy.	1651
1957	Oct. 12	To the Chargé in Great Britain (tel.): W.T.B. to Sheldon, to repeat to Dresel and McFadden	The United States withdraws request that Italy postpone execution of agreement with Switzerland. Explanations.	1652
5909	Oct. 15	To the Ambassador in France (tel.): W.T.B. to McFadden	Blockade Committee approves of holding Swiss negotiations at Washington.	1653
5438	Oct. 13 [Rec'd Oct. 16]	From the Ambassador in France (tel.): McFadden to W.T.B.	In view of possible peace, suggests postponing Swiss negotiations and extending agreement of Dec. 5, 1917.	1654
5353	Oct. 23 [Rec'd Oct. 25]	From the Minister in Switzerland (tel.): Heck to W.T.B.	Signing of Italian-Swiss agreement.	1655
6025	Oct. 25	To the Ambassador in France (tel.): W.T.B. to McFadden	Urges continuance of negotiations for agreement with Switzerland. Reasons.	1655
6162	Nov. 4	To the Ambassador in France (tel.): W.T.B. to McFadden, to repeat to Berne	Discussion of proposed extension of Swiss agreement postponed until arrival of Swiss Minister.	1656

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NEGOTIATIONS WITH SWITZERLAND CONCERNING EXPORTS—Continued

No.	Date	From and to whom	Subject	Page
6203	Nov. 5	French Deputy High Commissioner to Chairman of W.T.B.	French reply to Swiss request that movements of German ships offered for Swiss charter be facilitated. U.S. views requested.	1656
	Nov. 7	To the Ambassador in France (tel.): W.T.B. to McFadden	Requests data before opening Swiss negotiations.	1657
	Nov. 11	Chairman of W.T.B. to French Deputy High Commissioner	Consent to transfer of enemy ships to neutrals is deemed unwise.	1657

NEGOTIATIONS WITH SPAIN CONCERNING EXPORTS AND SHIPPING

CONCLUSION OF THE SPANISH-AMERICAN TRADE AGREEMENT AND SPANISH-FRENCH FINANCIAL AGREEMENT, MARCH 7—DIFFICULTIES IN SECURING THEIR EXECUTION

818	Jan. 8, 1918	To the Ambassador in Spain (tel.)	Suggests relaxation of embargo on exports to Spain other than cotton and oil.	1658
987	Jan. 11 [Rec'd Jan. 12]	From the Ambassador in Spain (tel.)	Approves strict embargo against Spain in order to bring about agreement.	1658
999	Jan. 16 [Rec'd Jan. 17]	From the Ambassador in Spain (tel.)	Preliminary meetings of U.S., French, and Spanish delegates to negotiate agreement for securing supplies from Spain for U.S. Army.	1659
1025	Jan. 28 [Rec'd Jan. 29]	From the Ambassador in Spain (tel.): from Belmont	Recommends that bunker licenses be used discreetly in influencing routing and obtaining tonnage.	1660
1023	Jan. 27 [Rec'd Jan. 29]	From the Ambassador in Spain (tel.)	Delegates report outline of draft agreement with Spain as far as agreed upon.	1660
1028	Jan. 29 [Rec'd Jan. 30]	From the Ambassador in Spain (tel.)	Conclusion of Spanish agreement depends upon release of Spanish ships in U.S. ports; credit for France not secured.	1661
858	Feb. 1	To the Ambassador in Spain (tel.)	Sanction given provisional agreement with Spain. Suggestions.	1662
862	Feb. 2	To the Ambassador in Spain (tel.)	Suggests that U.S. adherence to Spanish agreement be conditional upon Spain's chartering portion of its tonnage to Allies.	1663
864	Feb. 2	To the Ambassador in Spain (tel.)	Observations and suggestions on tentative agreement.	1664
1042	Feb. 4 [Rec'd Feb. 5]	From the Ambassador in Spain (tel.)	Expediency of terms of proposed Spanish agreement.	1664
1047	Feb. 5 [Rec'd Feb. 6]	From the Ambassador in Spain (tel.)	Spain can not be coerced into concluding an agreement.	1666

PART II

NEGOTIATIONS WITH SPAIN CONCERNING EXPORTS AND SHIPPING—Continued

No.	Date	From and to whom	Subject	Page
1052	Feb. 7 [Rec'd Feb. 8]	From the Ambassa- dor in Spain (tel.)	Spanish conferees decline fur- ther discussion of financial agreement with France.	1666
1053	Feb. 8	From the Ambassa- dor in Spain (tel.)	The King will favor French- Spanish agreement if tonnage question is dropped from Spanish-American agreement.	1666
1058	Feb. 11 [Rec'd Feb. 12]	From the Ambassa- dor in Spain (tel.)	The King's representations against detention of Spanish ships in U.S. waters. Their release recommended.	1667
896	Feb. 19	To the Ambassador in Spain (tel.)	Reasons for delay in sailing of Spanish ships.	1668
899	Feb. 21	To the Ambassador in Spain (tel.)	Proposed W.T.B. organization in Spain to assure proper dis- tribution of goods.	1668
1088	Feb. 23 [Rec'd Feb. 24]	From the Ambassa- dor in Spain (tel.)	Text of Foreign Minister's note inquiring if Spanish ships in U.S. ports are free to leave.	1669
915	Feb. 26	To the Ambassador in Spain (tel.)	Spanish ships in U.S. ports are free to leave but are not per- mitted to take cargo without export licenses.	1670
6772	Mar. 5	To the Ambassador in Great Britain (tel.)	Willard's telegram of Mar. 2 on cause of delay in conclud- ing agreements with Spain. Instructions to make repre- sentations to Great Britain.	1670
8923	Mar. 6	From the Ambassa- dor in Great Britain (tel.)	Great Britain postponed Span- ish negotiations in order to bring pressure on Spain for release of tonnage to Allies.	1671
1118	Mar. 7 [Rec'd Mar. 8]	From the Ambassa- dor in Spain (tel.)	Conclusion of American-Span- ish commercial agreement and French-Spanish financial agreement.	1671
	Mar. 7	The Ambassador in Spain to the Span- ish Minister of State	Text of Spanish-American com- mercial agreement as effected by exchange of notes.	1671
1205	Apr. 5 [Rec'd Apr. 6]	From the Ambassa- dor in Spain (tel.)	Spain's failure to abide by terms of agreements with the United States and France.	1674
1234	Apr. 13 [Rec'd Apr. 14]	From the Ambassa- dor in Spain (tel.)	Requests authority to refuse U.S. exports to Spain until the A.E.F. is granted Spanish goods applied for.	1675
1044	Apr. 16	To the Ambassador in Spain (tel.): W.T.B. to Chad- bourne	Opinion requested as to advisa- bility of withholding exports to Spain. Bunker regulations to apply after May 7.	1676

PART II

NEGOTIATIONS WITH SPAIN CONCERNING EXPORTS AND SHIPPING—Continued

NEGOTIATIONS FOR A SHIPPING AGREEMENT—REORGANIZATION OF THE MACHINERY FOR CONTROLLING PURCHASES IN AND EXPORTS TO SPAIN BY THE ASSOCIATED POWERS

No.	Date	From and to whom	Subject	Page
1257	Apr. 20 [Rec'd Apr. 21]	From the Ambassador in Spain (tel.)	Spanish cooperation in negotiations for shipping agreement.	1677
7464	Apr. 26	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	U.S. and British joint negotiations with Spain for tonnage. Use of bunker control to facilitate agreement.	1677
1293	May 3 [Rec'd May 5]	From the Ambassador in Spain (tel.): Chadbourne to W.T.B.	Spain's violations of agreements; U.S. rescindment recommended.	1678
1298	May 3 [Rec'd May 5]	From the Ambassador in Spain (tel.)	Embassy can not support Chadbourne's recommendations. Reasons.	1679
1301	May 4 [Rec'd May 5]	From the Ambassador in Spain (tel.)	Text of Spanish <i>note verbale</i> urging extension of present coaling facilities. Recommendations.	1679
1101	May 8	To the Ambassador in Spain (tel.)	Provisions of art. 13 of commercial agreement governing bunker licenses have been extended 31 days.	1681
1107	May 10	To the Ambassador in Spain (tel.): W.T.B. to Chadbourne	Not in favor of ending trade agreement with Spain. Shipping expert, Smith, will be sent to take up tonnage negotiations.	1681
1120	May 14	To the Ambassador in Spain (tel.)	The United States will abide by terms of agreement with Spain as long as Spain adopts similar attitude.	1682
4270	May 29	To the Ambassador in France (tel.): W.T.B. to McFadden	Approval of plan to create inter-Allied committee at Madrid for consideration of imports. Italian representation thereon favored.	1682
10390	June 3	From the Chargé in Great Britain (tel.): from Paris	Duties of proposed Inter-Allied Trade Committee in Madrid in cooperation with Inter-Allied Purchasing Committee. Recommendations.	1683
1197	June 4	To the Ambassador in Spain (tel.): W.T.B. to Chadbourne	Further extension to June 25 of present bunker arrangement with Spain.	1684
10742	June 20	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	Advisability of having British shipping expert to assist in negotiations in Madrid. Sheldon's acceptance of British offer quoted.	1685
4714	June 24	To the Ambassador in France (tel.): W.T.B. to McFadden	Message for Smith recommending extension of bunkering arrangements for Spain beyond June 25.	1685

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NEGOTIATIONS WITH SPAIN CONCERNING EXPORTS AND SHIPPING—Continued

No.	Date	From and to whom	Subject	Page
1484	June 28 [Rec'd June 29]	From the Ambassador in Spain (tel.)	Arrival in Madrid of U.S. shipping expert, Smith, and British adviser, Levick.	1686
1278	June 29	To the Ambassador in Spain (tel.): Smith to Chadbourne	Decision to extend bunker licenses for Spanish ships from Atlantic and Gulf ports. Probable detention of the <i>Aviles</i> at Canal.	1686
1291	July 3	To the Ambassador in Spain (tel.): W.T.B. to Chadbourne	Advisable to defer conclusion of tonnage negotiations until arrival in Madrid of Davis of Treasury Department.	1686
1550	July 15 [Rec'd July 16]	From the Ambassador in Spain (tel.): Smith to W.T.B.	Report and recommendations on tonnage operations in Spain.	1687
378	July 17 [Rec'd July 18]	From the Chargé in Great Britain (tel.): Sheldon to W.T.B.	Foreign Office note of July 4 to French Ambassador on British attitude toward proposed Purchasing Bureau in Madrid.	1688
1342	July 22	To the Ambassador in Spain (tel.): W.T.B. to Smith	Instructions to remain in Spain and obtain detailed information regarding ship situation, etc.	1689
342	July 22	To the Ambassador in Great Britain (tel.): W.T.B. to Sheldon	Acceptance of British proposals respecting functions of Inter-Allied Purchasing Bureau in Spain.	1690
519	July 23	From the Ambassador in Great Britain (tel.): Sheldon to W.T.B.	Further views of Foreign Office regarding machinery for carrying on trade with Spain.	1690
1608	July 31 [Rec'd Aug. 1]	From the Ambassador in Spain (tel.): Smith to W.T.B.	Report on shipping situation in Spain; recommendations.	1691
1631	Aug. 2 [Rec'd Aug. 3]	From the Ambassador in Spain (tel.): Smith to W.T.B.	Further advice and information on Spanish shipping after conferring with shipowners.	1692
1632	Aug. 3 [Rec'd Aug. 6]	From the Ambassador in Spain (tel.): Davis to Leffingwell	Suggests liberal policy toward Spain in order to secure supplies for A.E.F.	1693
1409	Aug. 9	To the Ambassador in Spain (tel.): W.T.B. to Chadbourne. Repeated to London and Paris	U.S. understanding of functions of Inter-Allied Purchase and Trade Committees at Madrid.	1694
1411	Aug. 10	To the Ambassador in Spain (tel.): W.T.B. to Smith	Permission to return to the United States for conference.	1696
1415	Aug. 12	To the Ambassador in Spain (tel.): Leffingwell to Davis	U.S. fulfillment of trade agreements with Spain; currency arrangements; replacement of oil shipments destroyed <i>en route</i> .	1696

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NEGOTIATIONS WITH SPAIN CONCERNING EXPORTS AND SHIPPING—Continued

CONCLUSION OF THE SPANISH-AMERICAN FINANCIAL AGREEMENT, AUGUST 23—
EFFORTS TO SECURE HORSES AND MULES FOR THE AMERICAN EXPEDITIONARY
FORCES—ARRANGEMENTS FOR THE DISTRIBUTION OF COTTON SHIPMENTS TO
SPAIN

No.	Date	From and to whom	Subject	Page
1423	Aug. 11 [Rec'd Aug.13]	From the Ambassa- dor in Spain (tel.): Davis to Leffing- well	Interview with Spanish officials on financial arrangements for Spanish-American trade. Comments.	1697
	Aug. 13	To the Ambassador in Spain (tel.)	Instructions regarding charter- ing agreement to be made with Spain.	1699
	Aug. 16 [Rec'd Aug.17]	From the Ambassa- dor in Spain (tel.): Davis to Leffing- well	Tentative agreement for Span- ish credits in favor of N.Y. banks. Instructions re- quested concerning attitude toward embargo on horses and mules.	1700
	Aug. 17 [Rec'd Aug.18]	From the Ambassa- dor in Spain (tel.): Davis to Leffing- well	Concessions to Spain. Licens- ing and distribution of cotton.	1702
1692	Aug. 19	From the Ambassa- dor in Spain (tel.): Smith to W.T.B.	Leaving Spain to report in Washington; Spanish attitude prevents agreement on ton- nage.	1703
1461	Aug. 21	To the Ambassador in Spain (tel.): Lef- fingwell to Davis	Inquires methods of exchange of France and Great Britain and suggests U.S. joint finan- cial operations with them in Spain.	1704
1704	Aug. 21 [Rec'd Aug.22]	From the Ambassa- dor in Spain (tel.): Chadbourne to W.T.B.	U.S. views on functions of Pur- chase and Trade Committees discussed; Inter-Allied Com- mercial Bureau resolution of Aug. 17 submitted.	1705
1479	Aug. 24	To the Ambassador in Spain (tel.): Lef- fingwell to Davis	Approves arrangements to se- cure banking credits in Spain. Comments on proposed ex- change operations and con- trol of cotton prices and allot- ments.	1706
	Aug. 28	The Special Finan- cial Delegate in Spain to the Span- ish Minister of State	Text of Spanish-American agreement concerning credits and commodity exchange, supplementary to agreement of Mar. 7.	1707
	Aug. 29	Spanish - American financial agreement	Text of agreement with Banco Urquijo and Banco de Barce- lona for establishing U.S. credit.	1708
1681	Oct. 16	To the Ambassador in Spain (tel.): W.T.B. to Chad- bourne. Repeated to McFadden	W.T.B. proposes export of sul- phate of ammonia to Spain provided Spain releases mules for A.E.F.	1711
1687	Oct. 17	To the Ambassador in Spain (tel.): W.T.B. to Chad- bourne	Resumption of U.S. bunker control of Spanish ships sug- gested, in interest of Spain.	1712

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NEGOTIATIONS WITH SPAIN CONCERNING EXPORTS AND SHIPPING—Continued

No.	Date	From and to whom	Subject	Page
5498	Oct. 20 [Rec'd Oct. 21]	From the Ambassador in France (tel.): McFadden to McCormick	Suggests blockade measures if necessary to secure mules from Spain for use of A.E.F.	1712
1736	Oct. 26	To the Ambassador in Spain (tel.): W.T.B. to Chadbourne	W.T.B. will support McFadden in measures to secure horses and mules from Spain.	1713
1752	Nov. 1	To the Ambassador in Spain (tel.): W.T.B. to Chadbourne	Senator Hollis has gone to Madrid as personal representative of Pershing to negotiate for horses and mules.	1713
1771	Nov. 5	To the Ambassador in Spain (tel.): W.T.B. to Chadbourne	Authorization to discuss with Spanish official lifting of cotton and petroleum for Spain and imposition of bunker control.	1713
5706	Nov. 4 [Rec'd Nov. 5]	From the Ambassador in France (tel.): McFadden to W.T.B.	Reports number of Spanish mules purchased or contracted for by the A.E.F.	1714
6247	Nov. 11	To the Ambassador in France (tel.): W.T.B. to McFadden	Obtaining horses from Italy suggested instead of mules from Spain, thereby saving ammonium sulphate.	1714
1797	Nov. 12	To the Ambassador in Spain (tel.): W.T.B. to Chadbourne	New procedure with respect to shipments of raw cotton to Spain.	1715
5953	Nov. 22	From the Ambassador in France (tel.): McFadden to W.T.B.	Dawes quoted on canceling of contracts for purchase of animals in Spain and Portugal. Release of sulphate of ammonia optional.	1716

THE TAKING OVER BY SPAIN OF GERMAN SHIPS TO REPLACE SPANISH SHIPS SUNK BY GERMAN SUBMARINES

1677	Aug. 14 [Rec'd Aug.16]	From the Ambassador in Spain (tel.)	German ships will be taken over to replace Spanish ships sunk by German submarines.	1716
1708	Aug. 22 [Rec'd Aug.23]	From the Ambassador in Spain (tel.)	Germany refuses to renounce submarine war; Spain takes determined stand regarding seizure of ships.	1717
1725	Aug. 25 [Rec'd Aug.26]	From the Ambassador in Spain (tel.)	Germany attempts diplomatically to prevent seizure of its ships in Spanish ports.	1718
1743	Aug. 29 [Rec'd Aug.30]	From the Ambassador in Spain (tel.)	Meeting of Ministers, probably to discuss sinking of Spanish ship <i>Carasa</i> .	1719
	Aug. 30 [Rec'd Aug.31]	From the Ambassador in Spain (tel.)	Spain inquires treatment accorded Germans and German ships in the United States before and after declaration of war.	1719

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THE TAKING OVER BY SPAIN OF GERMAN SHIPS, ETC.—Continued

No.	Date	From and to whom	Subject	Page
1751	Sept. 1 [Rec'd Sept. 2]	From the Ambassa- dor in Spain (tel.)	Sinking of the <i>Atzeri Mendi</i> ; resolution to seize a German ship for each Spanish ship de- stroyed.	1719
1752	Sept. 2 [Rec'd Sept. 3]	From the Ambassa- dor in Spain (tel.)	Interview with Minister of State on policy of retaliation for German sinkings and atti- tude of individual ministers.	1720
1504	Sept. 3	To the Ambassador in Spain (tel.)	Inquires if any action can be taken by W.T.B. to assist in diplomatic situation in Spain.	1721
1772	Sept. 5	From the Ambassa- dor in Spain (tel.)	Military attaché reports Ger- man reply to Spain regarding intention to confiscate ships.	1721
1776	Sept. 5 [Rec'd Sept. 7]	From the Ambassa- dor in Spain (tel.)	Suggests certain pressure on Spain to bring about favor- able attitude toward Allies.	1721
1796	Sept. 9 [Rec'd Sept. 10]	From the Ambassa- dor in Spain (tel.)	Interview with Foreign Min- ister in which resolution of Associated Governments against use of German safe- conducts is presented.	1722
1808	Sept. 12 [Rec'd Sept. 13]	From the Ambassa- dor in Spain (tel.)	Exportation according to agree- ment of May 7 recommended, any pressure on Spain to come through bunkering re- striction.	1724
1565	Sept. 17	To the Ambassador in Spain (tel.)	Doubts wisdom of bringing pressure to bear on Spain in view of financial agreement just concluded.	1724
1826	Sept. 17 [Rec'd Sept. 18]	From the Ambassa- dor in Spain (tel.)	France and Great Britain con- sider Spanish exports of great- er importance than Spanish break with Germany.	1725
1864	Sept. 23 [Rec'd Sept. 24]	From the Ambassa- dor in Spain (tel.)	Spain inquires what it might expect of Allies in case of war with Germany. Recommen- dations.	1725
1614	Sept. 28	To the Ambassador in Spain (tel.)	If Spain enters war against Germany, U.S. support will be assured.	1726
1875	Sept. 28 [Rec'd Sept. 29]	From the Ambassa- dor in Spain (tel.)	It is believed that German ships will be seized only after a secret understanding be- tween Spain and Germany.	1727
1639	Oct. 5	To the Ambassador in Spain (tel.)	Little to be gained by Spain's entering the war against Ger- many.	1727
1952	Oct. 15 [Rec'd Oct. 16]	From the Ambassa- dor in Spain (tel.)	Temporary transfer of certain German ships to Spain ap- parently with German acqui- escence.	1727
1782	Nov. 7	To the Ambassador in Spain (tel.)	Instructions to report details of transfer of German ships to Spain.	1728
2057	Nov. 9 [Rec'd Nov. 10]	From the Ambassa- dor in Spain (tel.)	Associated Governments will not recognize transfer of German ships to Spain.	1728

PART II

THE CONTROL OF SPANISH SHIPS IN LATIN AMERICAN TRADE—CENSORSHIP OF
MAILS AND BUNKERING REGULATIONS IN CUBA

No.	Date	From and to whom	Subject	Page
	Nov. 20, 1917	To the Chargé in Cuba (tel.)	Necessity of establishing censor- ship of mails in Cuba similar to U.S. censorship.	1729
	Nov. 21, 1917	From the Chargé in Cuba (tel.)	Cuban President approves sug- gestions regarding mail cen- sorship and desires services of U.S. officer.	1730
	Nov. 28, 1917	From the Chargé in Cuba (tel.)	Cuban decree establishing cen- sorship on telegrams, mail, etc.	1730
	Jan. 19, 1918	To the Consul at Barcelona (tel.); similar tel. to con- suls in certain other ports	Compañía Transatlántica and Pinillos Line agree to adopt certain safeguards in con- sideration of U.S. bunker and ship's stores licenses.	1730
	Feb. 16	To the Minister in Cuba (tel.)	U.S. representatives of Cen- sorship Board have been sent to Cuba to act as liaison officers.	1731
	Mar. 1	To the Minister in Cuba (tel.)	Urges censorship in Cuban ports of all mail which has not been subjected to U.S. or Allied censorship.	1731
	Mar. 9	From the Minister in Cuba (tel.)	Pending action on mail cen- sorship, ships arriving from Spain to-day will have mail examined.	1732
	Mar. 9	To the Minister in Cuba (tel.)	Compliments Minister on hav- ing arranged censorship of mail in Cuba and asks report on conditions.	1732
	Mar. 13	To the Minister in Cuba (tel.)	Necessity for U.S. control and supervision in Cuba of search of ships, passengers, etc., as well as mail censorship.	1732
	Mar. 16	From the Minister in Cuba (tel.)	Direct U.S. control and super- vision in Cuba unnecessary. Proposed suspension of voy- ages of Spanish ships to Mex- ico.	1733
	Mar. 24	From W.T.B. Rep- resentative in Cuba (tel.); to W.T.B. also	Permission requested to refuse bunkers to Spanish ship <i>Al- fonso XIII</i> engaged to carry sugar to Mexico.	1733
	Mar. 30	To the Consul at Barcelona (tel.); the same to consuls in certain other ports	Instructions concerning proced- ure to be observed toward ships of Compañía Transat- lántica and Pinillos Line.	1734
	Apr. 1 [Rec'd Apr. 2]	From the Minister in Cuba (tel.)	The <i>Alfonso XIII</i> , refused coal, remains in Cuba. Cuban President proposes discontin- uance of service to Mexico.	1734
	Apr. 3	To the Minister in Cuba (tel.)	Spanish ships should discharge at Habana, then return to Spain via the United States.	1735

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THE CONTROL OF SPANISH SHIPS IN LATIN AMERICAN TRADE—CENSORSHIP OF
MAILS AND BUNKERING REGULATIONS IN CUBA—Continued

No.	Date	From and to whom	Subject	Page
	Apr. 3	From W.T.B. Representative in Cuba (tel.)	Explanation of furnishing bunkers to the <i>Alfonso XIII</i> . Instructions requested on bunkering Spanish ships for Mexico.	1735
	Apr. 4	To W.T.B. Representative in Cuba (tel.)	Attention called to agreement with Spain on coaling facilities in U.S. ports; advisability of observing it.	1736
	June 4	From the Minister in Cuba (tel.)	Mexican complaint of Cuban censoring of Bordeaux mail. Inquires grounds for reply.	1736
	June 14	From the Minister in Cuba (tel.)	Wartime measures adopted by President Menocal.	1737
	June 19	To the Minister in Cuba (tel.)	Inquires if wartime measures are being acted upon. U.S. coal sent to Cuba is for Cuban use only.	1737
	June 19	From the Minister in Cuba (tel.)	Wartime measures are being acted upon by Cuba.	1737n
	June 22	To the Minister in Cuba (tel.): from W.T.B.	Desires that sailings from Cuba to Mexico be restricted by refusing bunkers.	1738
1284	July 2	To the Ambassador in Spain (tel.): W.T.B. to Chadbourne and Smith	Measures proposed to prevent evasion of U.S. jurisdiction by ships proceeding to Spain from South America and vicinity.	1738
110	July 2	To W.T.B. Representative in Cuba (tel.)	W.T.B. desires that Cuba no longer extend bunkering facilities to Spanish ships bound for Mexico.	1738
	July 5	To the Minister in Cuba (tel.)	Reply to Mexican complaint unnecessary. Affirmation of right of search of neutral mail passing through belligerent territory.	1739
1519	July 6 [Rec'd July 7]	From the Ambassador in Spain (tel.): Smith and Chadbourne to W.T.B.	Question of port of call for ships from South American east coast. Rumored arrangements for Spanish import of Mexican cotton.	1740
	July 6 [Rec'd July 7]	From the Assistant to W.T.B. Representative in Cuba (tel.)	Cuban assurances that bunkering of Spanish ships will be in accordance with U.S. wishes.	1740
	July 31	To the Minister in Cuba (tel.)	Spanish ships will be furnished with only enough coal to reach Cuban ports. Exception.	1741
1374	July 31	To the Ambassador in Spain (tel.): W.T.B. to Chadbourne and Smith	Instructions to arrange with Spanish Transatlantic and Pinillos Lines to cease calls at Mexican ports.	1741
	Aug. 2	To the Ambassador in Argentina (tel.)	Attention called to agreement by which certain Spanish lines will carry only such cargo as approved by W.T.B.	1741

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THE CONTROL OF SPANISH SHIPS IN LATIN AMERICAN TRADE—CENSORSHIP OF
MAILS AND BUNKERING REGULATIONS IN CUBA—Continued

No.	Date	From and to whom	Subject	Page
1382	Aug. 3	To the Ambassador in Spain (tel.): W.T.B. to Chadbourne	If advisable, Spanish ships on South American route could call at British port for search and bunkers.	1742
1418	Aug. 12	To the Ambassador in Spain (tel.)	Instructions to consuls in Spain regarding proposed bunker and passport requirements for Spanish line ships bound for America.	1742
	Aug. 10 [Rec'd Aug. 15]	From W.T.B. Representative in Cuba	Suggestion to agents of Spanish ships to take on coal at Porto Rico or other American port.	1742
	Aug. 21	To W.T.B. Representative in Cuba (tel.)	Instructions to report result of efforts to cause Spanish ships to call at American ports.	1743
	Aug. 14 [Rec'd Aug. 22]	From W.T.B. Representative in Cuba	Spanish Minister refers to his Government question of bunkering at Porto Rico or other American port.	1743
	Aug. 22	From W.T.B. Representative in Cuba (tel.): to Stabler	Spanish Minister has sent telegram to Transatlantic Co. on subject of U.S. port of call.	1743
1761	Aug. 31 [Rec'd Sept. 1]	From the Ambassador in Spain (tel.): Chadbourne to W.T.B.	Inquires if Cuba has issued bunker rules of its own for ships not touching U.S. ports.	1744
1535	Sept. 9	To the Ambassador in Spain (tel.): W.T.B. to Chadbourne	Subject of Cuba's bunker rules is under discussion.	1744
	Sept. 18	From W.T.B. Representative in Cuba (tel.)	Inquires if agreement has been made with Spanish lines to coal at Porto Rico or other American ports.	1744
	Sept. 20	To W.T.B. Representative in Cuba (tel.)	No such agreement has been made.	1744n
	Oct. 8 [Rec'd Oct. 9]	From the Consul at Curaçao (tel.)	Text of message from Consul at Puerto Cabello: The <i>Villamanrique</i> desires permit to proceed to Barcelona via Venezuela.	1745
	Oct. 19	To the Consul at Curaçao (tel.)	Message to Consul at Puerto Cabello: W.T.B. requires the <i>Villamanrique</i> to call at Porto Rico after leaving Venezuela.	1745
2113	Nov. 20	From the Ambassador in Spain (tel.): Rickard and Chadbourne to W.T.B.	Inquiry as to authority at Habana for issuance of bunker licenses for ships sailing directly from Cuba to Spain.	1745
1849	Nov. 30	To the Ambassador in Spain (tel.): W.T.B. to Chadbourne	Bunker control exercised by Cuban Government; W.T.B. Representative has such authority as is delegated by Cuba	1746

PART II

THE TRANSFER OF MERCHANT SHIPS FROM BELLIGERENT TO NEUTRAL FLAGS:
ATTITUDE OF THE AMERICAN AND ALLIED GOVERNMENTS

No.	Date	From and to whom	Subject	Page
	Mar. 21	From the Ambassador in Argentina (tel.)	The United States is asked to waive its objection to purchase by Argentina of the German ship <i>Bahia Blanca</i> .	1746
	Mar. 25	To the Ambassador in Argentina (tel.)	Conditions under which transfer of the <i>Bahia Blanca</i> will be recognized.	1747
	Mar. 28	From the Ambassador in Argentina (tel.)	Interview with Foreign Minister on U.S. attitude toward German ships transferred to Argentine registry.	1747
	Apr. 10	To the Ambassador in Chile (tel.)	Message to Chile conditionally approving transfer of German ships to Chilean registry.	1748
	Apr. 11 [Rec'd Apr. 12]	From the Chargé in Chile (tel.)	Chile consents to U.S. conditions for lease of German ships.	1749
	Apr. 13	To the Ambassador in Argentina (tel.)	Certain information desired regarding proposed transfer of German ships to Argentina.	1749
	Apr. 20	From the Ambassador in Argentina (tel.)	Reply to inquiry regarding routes, terms of purchase, etc., in use of German ships by Argentina.	1750
	Apr. 22	From the Commercial Adviser of the British Embassy	The British concur in recognition of transfer to Chilean flag of the <i>Karnak</i> , <i>Alda</i> , and <i>Göttingen</i> .	1750
	June 3	From the Commercial Adviser of the British Embassy	Proposed undertaking to be required of Argentina in use of German interned ships.	1751
	Oct. 26	From the Ambassador in Argentina (tel.)	Status of ex-German ship <i>Bahia Blanca</i> on proposed trip to London.	1751
	Nov. 6	From the Ambassador in Argentina (tel.)	German ships are occupied by Argentine military forces. It is proposed that the <i>Bahia Blanca</i> carry foodstuffs for Switzerland.	1752
	Nov. 7	From the Ambassador in Argentina (tel.)	Argentina requests Great Britain to recognize transfer of flag on the <i>Bahia Blanca</i> .	1753
	Nov. 9	To the Ambassador in Argentina (tel.)	Instructions to support British attitude toward proposed voyage of the <i>Bahia Blanca</i> .	1753
	Nov. 12	From the Ambassador in Argentina (tel.)	Interview with Foreign Minister on proposed voyage of the <i>Bahia Blanca</i> and transfer of flag on interned ships.	1754

THE CENSORSHIP OF DIPLOMATIC AND CONSULAR MAIL

Jan. 5	To the heads of diplomatic missions in Washington	Regulations governing censorship of diplomatic and consular mail entering and leaving the United States.	1755
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PART II

THE CENSORSHIP OF DIPLOMATIC AND CONSULAR MAIL—Continued

No.	Date	From and to whom	Subject	Page
	Jan. 5	To the heads of certain diplomatic missions in Washington	Exceptions made to regulations governing censorship of diplomatic mail entering and leaving the United States.	1755
99	Jan. 23 [Rec'd Jan. 26]	From the British Embassy	British intention to guard against breach of U.S. Trading with Enemy Act, sec. 3, case of ships calling at Halifax.	1756
100	Apr. 15	To the Consul at Christiania	Reply to complaint that his mail has been opened.	1756
	May 27	To the heads of diplomatic missions in Washington	Disposition of letters which are designed to evade U.S. censorship regulations.	1757
9275	June 7 [Rec'd June 20]	From the Chargé in Great Britain	Censorship by Great Britain of diplomatic mail in transit through England.	1757
8508	June 29	To the Chargé in Great Britain (tel.)	Inquires present system of transit of U.S. mail pouches through England.	1758
18	July 1	From the Chargé in Great Britain (tel.)	U.S. pouches are handled by Embassy messenger, and not by British postal service.	1758
6026	July 17	To the Chargé in Great Britain	No exception will be taken to British postal censorship regulations as a war measure.	1759
9552	July 17 [Rec'd Aug. 1]	From the Chargé in Great Britain	Great Britain does not intend to apply new postal censorship regulations to U.S. Government correspondence.	1759
235	Aug. 29	To the British Chargé	Not disposed to adopt measures similar to those taken by Great Britain for examination of diplomatic mail.	1759
9749	Aug. 22 [Rec'd Sept. 10]	From the Ambassador in Great Britain	No action has been taken in matter of British censorship of diplomatic mail in transit through England.	1760

MINE LAYING AND THE ESTABLISHMENT OF MARITIME DANGER ZONES: THE NORTH SEA BARRAGE

203	July 16, 1917	From the British Ambassador	Explanation of difference in use of British term "danger area" and German "danger zone".	1760
216	July 22, 1917	From the British Ambassador	Term "mined area" will be substituted for "danger area" in future British proclamations.	1761
IV 5	Mar. 4, 1918 [Rec'd Mar. 6]	From the Swiss Minister	Transmits text of German supplementary declaration of Jan. 5 extending blockade zone.	1762
581	Mar. 12 [Rec'd Mar. 13]	From the Minister in Norway (tel.)	German official warning to neutral ships against navigating German Bay except under directions of German Navy.	1763

PART II

MINE LAYING AND THE ESTABLISHMENT OF MARITIME DANGER ZONES: THE NORTH SEA BARRAGE—Continued

No.	Date	From and to whom	Subject	Page
	Undated [Rec'd Apr. 29]	From the Consul General at London (tel.)	Area in North Sea delimited by Admiralty Notice No. 536 as dangerous to all shipping.	1763
	Aug. 8 [Rec'd Aug. 10]	From the British Embassy	Extract from Balfour's tele- gram of Aug. 6 quoting Brit- ish message to Norway giving notice of mining of North Sea.	1764
441	Aug. 27	To the Chargé in Norway (tel.)	Message to Norway warning against permitting illegal pas- sage of enemy submarines through its territorial waters.	1764
	Dec. 14	From the Consul General at London (tel.)	Admiralty Notice No. 1462, announcing amended limits of dangerous area around Orkney Isles.	1765

PART III: NEUTRAL DUTIES

THE TREATMENT OF BELLIGERENT SUBMARINES IN NEUTRAL WATERS: THE MINING BY NORWAY OF ITS TERRITORIAL WATERS ADJOINING THE NORTH SEA BARRAGE

964	Aug. 8 [Rec'd Aug. 9]	From the Chargé in Norway (tel.)	British demand that Norway mine certain territorial waters to prevent entry of belligerent submarines.	1769
	Aug. 8 [Rec'd Aug. 10]	From the British Embassy	Balfour's telegram of Aug. 6 quoting British representa- tions to Norway against enemy use of its territorial waters and request for mine barrage.	1770
1007	Aug. 12 [Rec'd Aug. 13]	From the Chargé in Norway (tel.)	Norway's unsatisfactory reply to British request to close its outer channel by means of mines.	1771
423	Aug. 13	To the Chargé in Norway (tel.)	Note to Norway: Representa- tions against use of its terri- torial waters as channel for enemy submarines. Instruc- tions.	1772
1022	Aug. 16 [Rec'd Aug. 17]	From the Chargé in Norway (tel.)	Interview with Foreign Minis- ter in regard to barring of Norwegian waters to sub- marines.	1773
	Aug. 19 [Rec'd Aug. 20]	From the British Chargé	British telegram to Norway demanding that its waters be closed to enemy submarines.	1775
1037	Aug. 20 [Rec'd Aug. 21]	From the Chargé in Norway (tel.)	Interview with Foreign Minis- ter: Patrols admitted inade- quate and expediency of min- ing territorial waters stressed.	1777
1038	Aug. 20 [Rec'd Aug. 21]	From the Chargé in Norway (tel.)	Transmits Norway's request for detailed information in claim that German subma- rines have utilized its terri- torial waters.	1778

PART III

THE TREATMENT OF BELLIGERENT SUBMARINES IN NEUTRAL WATERS: THE MINING BY NORWAY OF ITS TERRITORIAL WATERS, ETC.—Continued

No.	Date	From and to whom	Subject	Page
1040	Aug. 21 [Rec'd Aug. 22]	From the Chargé in Norway (tel.)	British representations to Norway reiterated. Intimation of action to be taken if demands are not met.	1780
435	Aug. 24	To the Chargé in Norway (tel.)	Disapproves of British measures in dealing with Norway, preferring not to infringe upon its territorial sovereignty.	1781
1054	Aug. 24	From the Chargé in Norway (tel.)	Modification of British and French attitude toward Norway in regard to mining of its territorial waters.	1782
441	Aug. 27	To the Chargé in Norway (tel.)	Note to Norway: Norway's duty as a neutral and consequences of failure to bar submarines from its waters.	1782
1082	Aug. 30 [Rec'd Aug. 31]	From the Chargé in Norway (tel.)	Points emphasized in interview with Foreign Minister on use of Norwegian waters by belligerent submarines.	1784
450	Sept. 3	To the Chargé in Norway (tel.)	U.S. reply to Norway's inquiry of foreign governments whether their submarines have violated Norway's territorial waters.	1785
1183	Sept. 28 [Rec'd Sept. 29]	From the Chargé in Norway (tel.)	Text of Norway's note in defense of its policy, denying that its waters are rendezvous for foreign submarines.	1786
1185	Sept. 28 [Rec'd Sept. 29]	From the Chargé in Norway (tel.)	Text of Norway's announcement of decision to mine its territorial waters.	1787
	Sept. 30	Department memorandum	Norwegian announcement of intention to mine territorial waters of Norway.	1788
1209	Oct. 3 [Rec'd Oct. 4]	From the Chargé in Norway (tel.)	Text of Norway's <i>note verbale</i> calling attention to placing of mines in certain areas.	1788

THE TREATMENT IN A NEUTRAL PORT OF THE CREW OF A WRECKED BELLIGERENT WARSHIP: THE CASE OF THE CREW OF THE "SEADLER"

	Mar. 10	From the Chargé in Chile (tel.)	Question of status of officers and crew of the <i>Seadler</i> .	1789
	Mar. 15	To the Chargé in Chile (tel.)	Information regarding status of the <i>Seadler</i> . Internment of crew recommended.	1789

THE TREATMENT OF ARMED MERCHANT SHIPS IN CERTAIN FOREIGN PORTS

	July 6	To the Chargé in Honduras (tel.); the same to the Ministers in Salvador and Guatemala	Inquires treatment accorded armed merchantmen engaged in commerce.	1790
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PART III

THE TREATMENT OF ARMED MERCHANT SHIPS—Continued

No.	Date	From and to whom	Subject	Page
	July 9 [Rec'd July 10]	From the Chargé in Honduras (tel.)	No restrictions on entrance into Honduran ports of American ships armed only for defense.	1790
	July 11	To the U.S. Shipping Board	Merchantmen defensively armed permitted conditionally to enter certain countries of South and Central America and the West Indies.	1790
	July 17 [Rec'd July 18]	From the Minister in Guatemala (tel.)	No restrictions imposed upon armed American ships in Guatemalan ports.	1791
1825	July 31	To the Minister in the Netherlands (tel.)	Inquires Netherland attitude toward entrance of American merchantmen defensively armed into Netherland colonial ports.	1792
4057	Aug. 22	From the Minister in the Netherlands (tel.)	Armed merchantmen of belligerents are excluded from Netherland colonies, except under certain circumstances.	1792

THE STATUS IN NEUTRAL PORTS OF NEUTRAL SHIPS TAKEN OVER BY A BELLIGERENT

	Mar. 23	To the Chargé in Chile (tel.); <i>mutatis mutandis</i> , to the representatives in Argentina, Peru, and Uruguay	Requests assurances by the government to which accredited against detention of Dutch ships taken over by the United States.	1792
	Mar. 27	From the Chargé in Chile (tel.)	Chilean assurances regarding Dutch ships taken over by the United States.	1793
	Mar. 28	From the Ambassador in Argentina (tel.)	Argentine assurances concerning Dutch ships taken over by the United States.	1793
	Apr. 2	From the Chargé in Uruguay (tel.)	Text of Uruguayan reply to request for assurances <i>re</i> Dutch ships taken over by the United States.	1794
	Apr. 5	From the Minister in Peru (tel.)	Peru gives assurance of fullest facilities for U. S. ships in commercial traffic with Peru.	1795
	May 1	From the Ambassador in Argentina (tel.)	Text of Argentine reply concerning status of Dutch ships taken over by the United States.	1795
	July 24	To the Chargé in Argentina (tel.)	Instruction to secure attorney's opinion concerning immunity of requisitioned Dutch ships from legal proceedings in Argentina.	1796
	July 31 [Rec'd Aug. 1]	From the Chargé in Argentina (tel.)	Opinion rendered by Argentine lawyer on status of Dutch ships requisitioned by the United States.	1796

PART III

THE TRANSIT THROUGH NEUTRAL TERRITORY OF SUPPLIES SHIPPED FROM A BELLIGERENT COUNTRY TO A COUNTRY OCCUPIED BY ITS ARMED FORCES

No.	Date	From and to whom	Subject	Page
2371	Apr. 23 [Rec'd Apr. 24]	From the Minister in the Netherlands (tel.)	German demands upon the Netherlands to permit pas- sage of troops and supplies.	1797
2381	Apr. 25	From the Minister in the Netherlands (tel.)	The Netherlands inquires if breaking relations with Ger- many would be to the interest of Associated Governments.	1798
2383	Apr. 25 [Rec'd Apr. 26]	From the Minister in the Netherlands (tel.)	Conference with Foreign Min- ister on German demands and attitude the Netherlands should take.	1799
3737	Apr. 28 [Rec'd Apr. 29]	From the Ambassa- dor in France (tel.)	General Bliss transmits Brit- ish views on advisability of the Netherlands remaining neutral. Reasons.	1800
2425	Apr. 29	From the Minister in the Netherlands (tel.)	The British and French permit Netherland acceptance of cer- tain German demands.	1802
2426	Apr. 29	From the Minister in the Netherlands (tel.)	Statement given Foreign Min- ister by British and French representatives as basis for reply to German demands.	1802
2452	May 3 [Rec'd May 4]	From the Minister in the Netherlands (tel.)	Points on which agreement has been reached between Dutch and Germans.	1803
2462	May 5 [Rec'd May 6]	From the Minister in the Netherlands (tel.)	Wolff report from Berlin and Dutch statement regarding conclusion of Netherland- German agreement.	1803
2636	May 16 [Rec'd May 17]	From the Minister in the Netherlands (tel.)	Netherland understanding with Germany said to have been reached.	1805

THE PREVENTION OF VIOLATIONS OF NEUTRALITY LAWS BY CONSULAR OFFICERS OF BELLIGERENT STATES

2546	Mar. 5 [Rec'd Apr. 2]	From the Minister in Switzerland	Transmits Swiss note relative to alleged participation of consular officers of belligerent countries in illegal informa- tion services.	1805
3075	Apr. 13 [Rec'd Apr. 16]	From the Minister in Switzerland (tel.)	French interpretation of prin- ciple of consular immunities. Question of joint presentation to Switzerland.	1806
1773	Apr. 19	To the Minister in Switzerland (tel.)	Disapproval of suggested joint representations to Switzer- land regarding consular im- munities.	1807

PART II

BELLIGERENT RIGHTS AND PRACTICES

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PART II

BELLIGERENT RIGHTS AND PRACTICES

ATTITUDE OF THE UNITED STATES REGARDING CONTRABAND OF WAR

File No. 763.72112/8091

*The British Ambassador on Special Mission (Reading) to the
Secretary of State*

No. 389

WASHINGTON, April 10, 1918.

[Received April 12.]

SIR: I have the honour, under instructions from His Majesty's Principal Secretary of State for Foreign Affairs, to inform you that His Majesty's Government propose, on the advice of the War Trade Advisory Committee, to make the following additions to the list of British absolute contraband:

- (1) For the sake of uniformity, as bamboo and rattans are already on the list, "willows and osiers."
- (2) "Sodium fluoride" which is one of the raw materials used in the manufacture of artificial cryolite.
- (3) For expanded metal and other forms of iron and steel lattice work, which are much used in the construction of trenches and other military works, "tin waste." In order primarily to cover litharge red lead and also for the sake of uniformity it is also proposed to substitute "lead and its alloys, salts, compounds and ores" for "lead and lead ore"; and in order to cover oxides of tin and also for the sake of uniformity, to substitute "tin and its alloys, salts, compounds and ores" for "tin, chloride of tin, tin ore"; and to substitute for "wire steel and iron," "wire steel and iron and manufactures thereof."

I am instructed to enquire whether your Government would be prepared to concur in these proposed modifications and I should accordingly be grateful if I might be informed, at your early convenience, of the decision you have been able to take in the matter.

I have [etc.]

(For the Ambassador)

COLVILLE BARCLAY

File No. 763.72112/8835

*The British Ambassador on Special Mission (Reading) to the
Secretary of State*

No. 588

WASHINGTON, May 29, 1918.

[Received June 1.]

SIR: I have the honour, under instructions from His Majesty's Principal Secretary of State for Foreign Affairs, to inform you that at the request of the Admiralty it is proposed to add to the British list of absolute contraband the following: "Citric acid and citrates." Before taking this step I am instructed to enquire whether your Government will be willing to take similar action. I should accordingly be grateful if I might expect a reply at your early convenience.

I have [etc.]

READING

File No. 763.72112/8091

The Acting Secretary of State to the Secretary of the Navy (Daniels)

WASHINGTON, June 4, 1918.

SIR: I have the honor to enclose, for your consideration, a copy of a note from the British Ambassador,¹ in which, by instruction of his Government, he announces that it proposes, on the advice of the War Trade Advisory Committee, to make certain additions to the list of British absolute contraband, and inquires whether this Government would be prepared to concur in these proposed modifications.

This Department would like, if possible, to say in reply that the articles proposed to be added to the British contraband list are included in the list issued in the Navy regulations of June, 1917. This Department would, therefore, be glad to have your comments on this note in general and with particular reference to the existing contraband list as set forth in the Navy regulations mentioned.

I have [etc.] ~

WILLIAM PHILLIPS

File No. 763.72112/9135

The Secretary of the Navy (Daniels) to the Secretary of State

WASHINGTON, June 18, 1918.

SIR: In reply to your letter of June 4, 1918, enclosing a copy of a note from the British Ambassador in which he announces that his Government proposes, on the advice of the War Trade Advisory Committee, to make certain additions to the list of British absolute contraband, and inquiring whether this Government would be pre-

¹ Note of Apr. 10, *ante*, p. 917.

pared to concur in these proposed modifications, I have the honor to forward herewith a copy of an opinion by the Judge Advocate General of this Department on the subject, which opinion has the approval of the Department.

Sincerely yours,

JOSEPHUS DANIELS

[Enclosure]

The Acting Judge Advocate General of the Navy (Freyer) to the Chief of Naval Operations (Benson)

WASHINGTON, June 15, 1918.

SUBJECT: State Department, *re* proposed additions to British list of absolute contraband.

REFERENCE: (a) State Department's letter No. So. 763.72112/8091 of June 4, 1918, with enclosure, attached hereto; (b) *Instructions for the Navy of the United States Governing Maritime Warfare, June, 1917*.

1. Returned.

2. Considering that the items "bamboo, rattans, willows, and osiers" are all articles actually used or capable of being used in the manufacture of aircraft parts, it may be concluded that such items are already embraced in the contraband list of reference (b), article 24(b); and considering that the item "sodium fluoride" in the form of "artificial cryolite" is involved in the production of metallic aluminum which is extensively employed in the manufacture of arms, ammunition, and in aircraft production, this item is embraced in the same list, (a), (b), and (c), all three; and considering further that the items "tin waste," "lead and its alloys, salts, compounds, and ores," "tin and its alloys, salts, compounds and ores," "wire steel and iron and manufactures thereof" are all employed or capable of being employed as "materials or ingredients used in their (munitions) manufacture," these items come under the same list, (a) and (b).

In brief, it is concluded that the contraband list of reference (b), which is expressed in very comprehensive and inclusive terms, embraces as it stands the several items proposed to be added to the British list of absolute contraband.

3. In this connection it should be noted that in reference (b) there is no expressed distinction between "absolute contraband" and "conditional, or relative, contraband." Destination appears to be the deciding factor in this respect.

F. B. FREYER

[Section II of *Instructions for the Navy of the United States Governing Maritime Warfare, June, 1917*, dealing with contraband, reads as follows:

GENERAL

23. In the absence of notice of change which the Government of the United States may make at the outbreak of or during war, the following classification and enumeration of contraband will govern commanders of ships of war.

CONTRABAND LIST

24. The articles and materials mentioned in the following paragraphs (a), (b), (c), and (d), actually destined to territory belonging to or occupied by the enemy or to armed forces of the enemy, and the articles and materials mentioned in the following paragraph (e) actually destined for the use of the enemy Government or its armed forces, are, unless exempted by treaty, regarded as contraband.

(a) All kinds of arms, guns, ammunition, explosives, and machines for their manufacture or repair; component parts thereof; materials or ingredients used in their manufacture; articles necessary or convenient for their use.

(b) All contrivances for or means of transportation on land, in the water or air, and machines used in their manufacture or repair; component parts thereof; materials or ingredients used in their manufacture; instruments, articles or animals necessary or convenient for their use.

(c) All means of communication, tools, implements, instruments, equipment, maps, pictures, papers and other articles, machines, or documents necessary or convenient for carrying on hostile operations.

(d) Coin, bullion, currency, evidences of debt; also metal, materials, dies, plates, machinery or other articles necessary or convenient for their manufacture.

(e) All kinds of fuel, food, foodstuffs, feed, forage, and clothing and articles and materials used in their manufacture.

NONCONTRABAND

25. Articles and materials even though enumerated in paragraph 24, if exempted, by special treaty provisions, are not regarded as contraband.

The following paragraphs from section IX, dealing with liability to capture, are to be considered in connection with the above:

CARRIAGE OF CONTRABAND

69. Contraband, in paragraph 24(a), (b), (c), and (d), is liable to capture if its actual destination is the territory belonging to or occupied by the enemy, or the armed forces of the enemy. It is immaterial whether the carriage of the contraband to such actual

destination be direct in the original vessel or involve trans-shipment or transport overland. . . .

70. Contraband, in paragraph 24(e), is liable to capture if it is actually destined for the use of the enemy government or its armed forces. It is immaterial whether the carriage of contraband be direct in the original vessel, or involve trans-shipment or transport overland.

PRESUMPTION AS TO DESTINATION

71. A destination for the use of the enemy government or its armed forces referred to in paragraph 70 is presumed to exist if the contraband is consigned—

(a) To enemy authorities.

(b) To a port of equipment or supply of the armed forces of the enemy or other place serving as a base for such armed forces.

(c) To a contractor or agent in enemy territory who, by common knowledge, supplies articles of the kind in question to the enemy authorities.

72. A destination to territory belonging to or occupied by the enemy or to the armed forces of the enemy, referred to in paragraph 69, is presumed to exist if the contraband is consigned "to order," "to order or assigns," or with an unnamed consignee, but in any case going to territory belonging to or occupied by the enemy, or to neutral territory in the vicinity thereof.]

File No. 763.72112/9135

The Acting Secretary of State to the British Ambassador on Special Mission (Reading)

No. 152

WASHINGTON, July 10, 1918.

EXCELLENCY: I have the honor to acknowledge the receipt of your note No. 389 of April 10, 1918, informing me that your Government, on the advice of the War Trade Advisory Committee, proposes to make certain additions to the list of British absolute contraband.

After consultation with the departments of this Government concerned with this matter, I take pleasure in stating that the competent authorities of this Government regard the articles which you state the British Government proposes to add to its absolute contraband list, as included in the list set forth in the Navy regulations issued by this Government in June, 1917.

Accept [etc.]

FRANK L. POLK

File No. 763.72112/8835

The Acting Secretary of State to the British Ambassador on Special Mission (Reading)

No. 161

WASHINGTON, July 18, 1918.

EXCELLENCY: I have the honor to acknowledge the receipt of your note No. 588 of May 29, 1918, informing me that your Government,

at the request of the Admiralty, proposes to add "citric acid and citrates" to the list of British absolute contraband.

After consultation with the departments of this Government concerned with this matter, I take pleasure in stating that the competent authorities of this Government, understanding that "citric acid" is recognized as the active principle of lime juice, which is included in the naval ration of some governments as an anti-scorbutic, and that the "citrates," or some of them, are classed as drugs or medicines useful to the armed forces as well as to the general population, regard "citric acid and citrates" as included in the contraband list set forth in *Instructions for the Navy of the United States Governing Maritime Warfare, June, 1917*.

Accept [etc.]

FRANK L. POLK

**ATTITUDE OF THE UNITED STATES REGARDING PRIZES, VISIT
AND SEARCH, ETC.**

File No. 763.72112/4492

The Secretary of State to the Secretary of the Navy (Daniels)

WASHINGTON, November 10, 1917.

SIR: I have the honor to enclose, for your consideration, copies of *British Treaty Series*, 1915, Nos. 2 and 4; 1916, No. 5; 1917, No. 6; together with copies of a note, dated August 10, 1917, from the British Foreign Office, and of a despatch from the American Ambassador at London, transmitting the same, relative to a convention entered into by Great Britain and France and acceded to by Russia and Italy, concerning prizes captured during the present European War.¹

Your attention is called to the provisions of this convention, and particularly to articles 3, 4, 5, 6, and 7. I would be pleased to have an expression of your views as to whether or not it would be desirable for this Government to enter into a separate agreement of this nature with Great Britain or with any of the other Allied European Powers, and if so, as to the provisions to be contained in such an agreement.

I have [etc.]

ROBERT LANSING

File No. 763.72112/6419

The Secretary of the Navy (Daniels) to the Secretary of State

WASHINGTON, January 16, [1918].

SIR: Referring to your letter of November 10, 1917, in regard to the conventions entered into by Great Britain, France, Russia, and

¹ Not printed.

Italy concerning prizes captured during the present European War, and requesting an expression of my views as to whether or not it would be desirable for this Government to enter into a separate agreement of this nature with Great Britain or with any of the other Allied European Powers, I have the honor to reply as follows:

Because of the great distances of the maritime war zones in Europe from United States ports, in the event of capture of enemy vessels by our Navy it would be undoubtedly a great convenience to have at hand in the ports of our allies the necessary Admiralty Court machinery promptly to adjudicate in the matter of such prizes. Because, however, of the character of this war, the absence of enemy merchant vessels from the high seas and the small percentage of war vessels which may be captured and not sunk, it is not anticipated that serious complications will arise. In any event, there is ample authority and precedent for such vessels as are captured being taken into a port of our allies and there held for convoy to a United States port; or, if circumstances are imperative, the vessel may be there sold, and the proceeds sent into a United States Admiralty Court for adjudication. (Rev. Stat., sec. 4615; *Jecker v. Montgomery*, 13 Howard 498; Moore, vol. 7, p. 590).

Accession to this convention in its entirety by the United States may give rise to complications in the following regards:

Japan is not yet reported to have become a party to the convention. Accession to the convention, therefore, on the part of the United States may result in different rules of procedure in the Atlantic and Pacific.

Complications may arise from the fact that the prize court systems of the Allies are dissimilar.

In some respects the convention of November 9, 1914, would supersede the treaty of 1871 between the United States and Italy.

It is doubtful whether the United States would be able to fulfil existing treaty obligations toward certain neutral states, e. g., Sweden, 1783, articles 10, 25, if bound by this convention.

More important than all might be a seeming approval of certain practices and principles against which the United States has already protested, as in the note from the Secretary of State to Ambassador W. H. Page, dated October 21, 1915.¹

The Navy Department is therefore inclined to the opinion that accession to this convention at this time is inadvisable, especially as it involves acceptance of certain practices and principles against which the United States has protested. If the character of the war should change so as to involve many captures by the United States and one or more Allied Powers, and if complications should arise as to the disposition of such captures, the United States may then

¹ *Foreign Relations*, 1915, Supplement, pp. 578 *et seq.*

accede to the convention, articles 3, 4, 5, 6, and 7, take action to make article 1 operative and reserve article 2.

There is appended hereto for your information a memorandum treating in more detail the articles of the convention and the complications which may arise should the United States at this time become a party thereto.¹

Sincerely yours,

JOSEPHUS DANIELS

File No. 763.72112/6419

The Secretary of State to the Ambassador in Great Britain (Page)

No. 5722

WASHINGTON, February 13, 1918.

SIR: The Department has received your telegram No. 7459 of October 17, 1917, and your despatch No. 6762 of August 13, 1917, with which you transmitted a copy of a note dated August 10, 1917, from the British Foreign Office, together with copies of *British Treaty Series*, Nos. 2 and 4 of 1914; No. 5 of 1915 and No. 6 of 1917, enclosed therewith, concerning the convention of November 9, 1914, and the subsequent extensions thereof, concluded between Great Britain and France and acceded to by Italy and Russia, to regulate captures made by the naval forces of the respective countries in the present war,¹ and inquiring whether the Government of the United States is disposed to accede thereto.

The Department has carefully considered the enclosures transmitted with your despatch and desires you to inform the British Foreign Office that the Government of the United States, in view of the present character of the war, deems it advisable to defer consideration of the question of the accession of the United States to these conventions and agreements.

I am [etc.]

ROBERT LANSING

File No. 763.72112/9371

The Secretary of the Navy (Daniels) to the Secretary of State

WASHINGTON, July 5, 1918.

SIR: I have the honor to acknowledge the receipt of your letter of June 26, 1918, relative to inquiries made by Professor George Grafton Wilson, of Harvard University, in regard to the status of the Hague conventions in their relations to the operations of the war against Germany and the routing of neutral merchant vessels.¹

Replying to your request for information as to the nature of the participation of American naval officers in the British practices with respect to the searching and routing of neutral vessels, I have to

¹ Not printed.

state that American naval forces in European waters have been engaged largely in anti-submarine operations and in escorting convoys. The belligerent right of visit and search has been exercised on the high seas everywhere in accordance with *Instructions for the Navy of the United States Governing Maritime Warfare, June, 1917*, except that boarding vessels are not required to make entries in ships' logs where such entries would give information facilitating unlawful attack by enemy submarines. Mandatory routing of neutral merchant vessels has not been practiced by our Navy.

Sincerely yours,

JOSEPHUS DANIELS

[Sections VI and VII of *Instructions for the Navy of the United States Governing Maritime Warfare, June, 1917*, dealing with visit and search, read as follows:

SECTION VI.—VISIT AND SEARCH

WHERE AND WHEN EXERCISED

42. The belligerent right of visit and search, subject to exemptions mentioned in section VII, may be exercised outside of neutral jurisdiction upon private vessels after the beginning of war in order to determine their nationality, the port of destination and departure, the character of their cargo, the nature of their employment, or other facts which bear on their relation to the war.

METHOD OF EXERCISE

43. The right should be exercised with tact and consideration, and in strict conformity with treaty provisions, where they exist.

44. Subject to any special treaty provisions the following procedure is directed: Before summoning a vessel to lie to, a ship of war must hoist her own national flag. The summons shall be made by firing a blank charge (*coup de semonce*), by other international signal, or by both. The summoned vessel, if a neutral, is bound to stop and lie to, and she should also display her colors; if an enemy vessel, she is not so bound, and may legally even resist by force, but she thereby assumes all risks of resulting damage.

45. If the summoned vessel resists or takes to flight she may be pursued and brought to, by forcible measures, if necessary.

46. When the summoned vessel has brought to, the ship of war shall send a boat with an officer to conduct the visit and search. If practicable, a second officer should accompany the officer charged with the examination. There may be arms in the boat, but the boat's crew shall not have any on their persons. The officer (or officers), wearing side arms, may be accompanied on board by not more than two unarmed men of the boat's crew.

47. The boarding officer shall first examine the ship's papers in order to ascertain her nationality, ports of departure and destination, character of cargo, and other facts deemed essential. If the

papers furnish conclusive evidence of the innocent character of vessel, cargo, and voyage, the vessel shall be released; if they furnish probable cause for capture she shall be seized and sent in for adjudication.

48. If the papers do not furnish conclusive evidence of the innocent character of the vessel, the cargo, and voyage, or probable cause for capture, the boarding officer shall continue the examination by questioning the personnel or by searching the vessel or by examining her cargo. If such further examination furnishes satisfactory evidence of innocency, the vessel shall be released; otherwise she shall be seized and sent in for adjudication.

49. The boarding officer must record the facts concerning the visit and search upon the log-book of the vessel visited, including the date when and the position where the visit occurred. This entry in the log must be made whether the vessel is held or not. . . .

PAPERS

50. The papers which will generally be found on board a private vessel are . . . :

The evidence furnished by the papers against a vessel is conclusive. Regularity of papers and evidence of the innocence of cargo or destination furnished by them are not necessarily conclusive, and if doubt exists a search of the ship or cargo should be made to establish the facts. If a vessel has deviated far from her direct course, this, if not satisfactorily explained, is a suspicious circumstance warranting search, however favorable the character of the papers.

SECTION VII.—LIMITATIONS ON VISIT AND SEARCH

CONVOY

51. Neutral vessels under convoy of vessels of war of their own nationality are exempt from search. The commander of the convoy gives orally or in writing, at the request of the commander of a belligerent ship of war, all information regarding the vessels and their cargoes which could be obtained by visit and search.

52. If the commander of the United States vessel has reason to suspect that the commander of the convoy has been deceived regarding the innocent character of any of the vessels (and their cargoes or voyages) under his convoy, the former officer shall impart his suspicions to the latter. In such a case it is to be expected that the commander of the convoy will undertake an examination to establish the facts. The commander of the convoy alone can conduct this investigation, the officers of the United States visiting vessel can take no part therein.

53. The commander of the convoy may be expected to report the result of his investigation to the commander of the United States vessel. Should that result confirm the latter's suspicions, the former may further be expected to withdraw his protection from the suspected vessel; whereupon she shall be made a prize by the commander of the United States vessel.

54. Any vessel under convoy of a vessel of war of an enemy is liable to capture.

SEARCH OF NEUTRAL MAIL VESSELS

55. The inviolability of certain postal correspondence does not exempt a neutral mail ship from the laws and customs of maritime war as to neutral merchant ships in general.

The following paragraphs from section VIII. dealing with neutral or enemy character, and section IX, dealing with liability to capture, together with other sections referred to in the latter, are to be considered in connection with the above:

SECTION VIII.—NEUTRAL OR ENEMY CHARACTER

CHARACTER OF VESSEL

56. The neutral or enemy character of a private vessel is determined by the neutral or enemy character of the state whose flag the vessel has a right to fly as evidenced by her papers.

TRANSFER OF FLAG BEFORE HOSTILITIES

57. The transfer of a vessel from one flag to another is valid when completed previous to the outbreak of war in which the state of the vendor is a belligerent, provided the transfer is made in accordance with the laws of the state of the vendor and the state of the vendee.

TRANSFER OF FLAG DURING HOSTILITIES

58. The transfer of a private vessel of a belligerent to a neutral flag during war is valid if in accordance with the laws of the state of the vendor and of the vendee, provided that it is made in good faith and is accompanied by a payment sufficient in amount to leave no doubt of good faith; that it is absolute and unconditional, with a complete divestiture of title by the vendor, with no continued interest, direct or indirect, of the vendor, and with no right of repurchase by him; and that the ship does not remain in her old employment.

SECTION IX.—LIABILITY TO CAPTURE

NEUTRAL VESSELS

64. A neutral private vessel is in general liable to capture if she—

(a) Attempts to avoid visit and search by flight, but this must be clearly evident; or resists with force.

(b) Presents irregular or fraudulent papers, or lacks necessary papers, or destroys, defaces, or conceals papers. . . .

(c) Carries contraband, except when permitted by treaty to surrender ("deliver up," "deliver out") the contraband to the captors. . . .

(d) Has broken or has attempted to break a blockade. (See sec. III.)

(e) Has engaged in unneutral service. (See sec. IV.)

(f) Is under enemy convoy; or under neutral convoy to avoid rightful capture.

The provisions of section III, dealing with blockade, referred to in the foregoing, are as follows:

EXTENT AND LIMITATIONS

26. A blockade must be limited to the ports and coasts belonging to or occupied by the enemy; must not bar access to neutral ports or coasts. A blockade, to be binding, must be effective. A blockade must be applied equally to the ships of all nations.

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EFFECTIVENESS

27. The blockade, to be effective and binding, must be maintained by a force sufficient to render ingress to or egress from the port dangerous. If the blockading vessels be driven away by stress of weather and return thereafter without delay to their station, the continuity of the blockade is not thereby broken. The blockade ceases to be effective if the blockading vessels are driven away by the enemy or if they voluntarily leave their stations, except for a reason connected with the blockade; as, for instance, the chase of a blockade runner.

As the suspension of a blockade is a serious matter, involving a new notification, commanding officers will exercise especial care to preserve the continuity and effectiveness of the blockade.

NOTIFICATION TO NEUTRALS

28. Neutral vessels are entitled to notification of a blockade before they can be made prize for its attempted violation. The character of this notification is not material. It may be actual, as by a vessel of the blockading force, or constructive, as by a proclamation or notice of the government maintaining the blockade, or by common notoriety. . . .

LIABILITY OF VESSELS

29. Blockade running is a distinct offense which subjects the vessel attempting to commit it, or sailing with intent to commit it, to capture without regard to the nature of her cargo.

30. If a neutral vessel attempting to enter a blockaded port has had notice of the blockade in any way, she shall be captured and sent in for adjudication; but should formal notice not have been given, the rule of constructive knowledge arising from notoriety should be construed in a manner liberal to the neutral. Vessels appearing before a blockaded port, having sailed without notification, are entitled to actual notice by a blockading vessel. . . . The boarding officer shall enter in the log and the document fixing the vessel's nationality the fact of such notice, the extent of the blockade, the date, the geographical position, and the name of the blockading vessel, verified by his official signature; and shall furnish the master

with a copy of the blockade proclamation. The vessel is then to be set free. Should she again attempt to enter the same or any other blockaded port as to which she has had notice, she is good prize.

31. The liability of a blockade runner to capture and condemnation begins and terminates with her voyage. If there is good evidence that she sailed with intent to evade the blockade, she is liable to capture from the moment she appears upon the high seas. If a vessel has succeeded in escaping from a blockaded port, she is liable to capture at any time before she completes her voyage. But with the termination of the voyage the offense ends.

The provisions of section IV, dealing with unneutral service, referred to above, are as follows:

DEFINITION

35. Unneutral service is service rendered by a neutral to a belligerent contrary to international law. It is in its nature indirect or direct.

INDIRECT UNNEUTRAL SERVICE

36. A neutral vessel is guilty of indirect unneutral service and may be sent in for adjudication as a neutral vessel liable to condemnation—

(a) If she specially undertakes to transport individual passengers who are embodied in the armed forces of the enemy and who are *en route* for military service of the enemy or to a hostile destination, or transmits intelligence in the interest of the enemy whether by radio or otherwise.

(b) If, to the knowledge of the owner, or the charterer, or of the agents thereof, or of the master, she is transporting a military detachment of the enemy, or one or more persons who are embodied in the military or naval service of the enemy and who are *en route* for military service of the enemy or to a hostile destination, or one or more persons who, during the voyage, lend direct assistance to the enemy, or is transmitting information in the interest of the enemy by radio or otherwise.

37. The above provisions do not apply if, when the vessel is met at sea, she is unaware of the existence of a state of war, or if the master, after becoming aware of the opening of hostilities, has not yet been able to disembark the passengers.

38. The vessel is deemed to be aware of the existence of a state of war if she left an enemy port after the opening of hostilities, or left a neutral port after the publication there of the notification to the neutral power to which the port belongs of the opening of hostilities.

DIRECT UNNEUTRAL SERVICE

39. A neutral vessel is guilty of direct unneutral service and may not only be captured but may be treated as an enemy merchant vessel—

- (a) If she takes a direct part in the hostilities;
 - (b) If she is under the orders or under the control of an agent placed on board by the enemy Government;
 - (c) If she is wholly chartered by or in the exclusive employment of the enemy Government;
 - (d) If she is at the time exclusively engaged in, or wholly devoted to, either the transport of enemy troops or in the transmission of information in the interest of the enemy by radio or otherwise.
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The following paragraphs from sections XII and XIII are also to be considered in connection with the sections quoted above:

SECTION XII.—TREATMENT OF VESSEL, GOODS, POSTAL CORRESPONDENCE, OFFICERS, CREW, AND OTHER PERSONS ON BOARD

MAIL STEAMERS AND POSTAL CORRESPONDENCE

87. The genuine postal correspondence of neutrals or belligerents, found on board a neutral or enemy ship at sea, is inviolable. If the ship is detained, such postal correspondence is to be forwarded by the captor with the least possible delay.

The provisions of the preceding paragraph do not apply, in case of violation of blockade, to correspondence destined for or proceeding from a blockaded port.

88. Neutral mail ships are subject to the laws and customs of maritime war applicable to neutral merchant ships in general.

ENEMY MILITARY PERSONS ON BOARD NEUTRAL VESSELS

89. As to treatment of vessels outside of neutral jurisdiction and carrying persons embodied in the military service of the enemy, unless treaty provisions allow their removal from the neutral vessel and the release of the vessel herself thereupon, see paragraphs 36, 39.

90. The persons referred to in paragraph 89 must be actually embodied in the military service of the enemy. Reservists or other persons subject to military duty but not formally incorporated in military service are not included.

SECTION XIII.—DESTRUCTION OF PRIZES

94. An enemy ship made prize may be destroyed by the capturing officer in case of military necessity, when the vessel can not be sent or brought in for adjudication.

95. Engaging in unneutral service as defined in paragraph 39 stamps a neutral vessel with hostile character, and such a neutral vessel made prize may be destroyed by the capturing officer in the case of military necessity, when the vessel can not be sent or brought in for adjudication.

96. Owing to the serious responsibility involved, a neutral vessel *not* engaged in unneutral service as defined in paragraph 39, must not be destroyed by the capturing officer save in case of the gravest military emergency which would not justify him in releasing the vessel or sending it in for adjudication. If circumstances permit, it is preferable to appraise and sell the prize, as provided in section 4615, Revised Statutes . . . , rather than to destroy it.

97. In no case after a vessel has been brought to may it be destroyed until after visit and search has been made and all persons on board have been placed in safety, and also, if practicable, their personal effects.]

File No. 763.72112/10997

The Secretary of State to the Netherland Chargé (De Beaufort)

No. 56

WASHINGTON, November 29, 1918.

SIR: I have the honor to acknowledge the receipt of your note dated November 6, 1918,¹ in which it is requested that the Department send to the Netherlands Legation, four copies of the United States prize regulations, as they have been issued and published during the present war, and in case the verdicts of the United States prize courts are published, to be supplied with four copies of these verdicts during the present war.

I have the honor to enclose four typewritten copies of the United States laws on prize as they appear in the eighth volume of the second edition of a compilation of the laws of the United States entitled "Federal Statutes Annotated,"¹ there being available no printed copies of these laws in separate form, and also four copies of *Instructions for the Navy of the United States Governing Maritime Warfare*, issued in June, 1917, which contain among other matters, certain regulations governing the action of the Navy of the United States concerning prizes. There appear to have been no cases brought before the United States courts concerning prizes during the existence of the present war.

Accept [etc.]

For the Secretary of State:

WILLIAM PHILLIPS

File No. 763.72112/11186

The Secretary of the Navy (Daniels) to the Secretary of State

WASHINGTON, January 6, 1919.

SIR: I have received your letter of December 28, 1918, No. So-763.72112/11092, relative to the inquiry of Mr. Frederick A. Pike of Saint Paul, as to the methods pursued by the American Navy during the war, and quoting an article in the Saint Paul *Pioneer Press*.¹

The United States Navy, in its war operations, was guided by the *Instructions for the Navy of the United States Governing Maritime Warfare*, issued in June, 1917, a copy of which is enclosed. As will be noted in the introduction to this book, it was "prepared in accordance with international law, treaties, and conventions to which

¹ Not printed.

the United States is a party, the statutes of the United States, and, where no international agreement or treaty provision exists covering any special point, in accordance with the practice and attitude of the United States as hitherto determined by court decisions and Executive pronouncements."

The Navy Department has no knowledge of any violations of these instructions by United States naval vessels.

In general, United States naval vessels in Europe carried out the following operations:

(a) A detachment of battleships operated with the British Grand Fleet from December, 1917, until December, 1918. The mission of this force was to contain the German High Seas Fleet, or to engage it if opportunity offered.

(b) A mine force was engaged from June, 1918, until November, 1918, in planting a mine barrage from Norwegian territorial waters to the Orkney Islands. This barrage was intended to prevent the exit of submarines from the North Sea. The barrage was planted in a duly proclaimed area.¹

(c) Forces consisting of destroyers, yachts, gunboats, submarine chasers, and submarines operated from Queenstown, Plymouth, the coast of France, Gibraltar and Corfu. These vessels were engaged in escort duty for convoys and in direct operations against submarines.

(d) United States naval air stations were established in France, Ireland, England, and Italy for anti-submarine operations.

(e) The forces in home waters were organized for anti-submarine work.

(f) A division of battleships operated from Berehaven, Ireland, in October-November, 1918, as a protection for convoys against enemy raiders.

By the time the United States entered the war, all enemy surface craft, with the exception of an isolated raider in the Pacific, had disappeared from the sea, and the main naval effort was directed to anti-submarine warfare.

Sincerely yours,

JOSEPHUS DANIELS

File No. 763.72112/11186

The Acting Secretary of State to the Secretary of the Navy (Daniels)

WASHINGTON, January 30, 1919.

SIR: I have the honor to acknowledge the receipt of your letter of January 6, 1919, in regard to the methods pursued by the American Navy during the war between the United States and Germany.

¹ See the section dealing with mine laying, *post*, pp. 1760 *et seq.*

I have the honor to state that it would be of considerable use and assistance to this Department, in the consideration of matters pending before it, to be informed whether the naval vessels of the United States cooperated with the British naval vessels in the execution of the plan of seizure and search which was contested in the note on the subject which the American Ambassador at London, on October 21, 1915, was instructed to deliver to the Foreign Minister of Great Britain, copy of which is enclosed herewith.¹

I shall be glad if you will cause this Department to be furnished with additional information regarding the activities of the United States Navy during the war, with special reference to the matter of search and seizure discussed in the note to the British Government mentioned in the foregoing.

I have [etc.]

For the Acting Secretary of State:

WILLIAM PHILLIPS

Assistant Secretary

File No. 763.72112/11598

The Secretary of the Navy (Daniels) to the Secretary of State

WASHINGTON, February 20, 1919.

SIR: I have to acknowledge receipt of your letter dated January 30, 1919, So-763.72112/11186, in which you request to be informed whether the naval vessels of the United States cooperated with the British naval vessels in the execution of the plan of seizure and search which was contested in the note on the subject which the American Ambassador at London on October 21, 1915, was instructed to deliver to the Foreign Minister of Great Britain, copy of which you enclosed. You also ask that your Department be furnished with additional information regarding the activities of the United States Navy during the war, with special reference to the matter of search and seizure discussed in the note to the British Government mentioned above.

As is well known to you, the Navy of the United States was associated in cooperation with the British, French, and Italian Navies in order to bring about a successful conclusion to the war as far as such conclusion might be attained through lawful maritime operations.

Inasmuch as full and detailed reports of the operations of our several fleet units, major and minor, during the existing war have not yet been received, studied, and digested, it is not possible at the present time to state categorically that in no instance has a vessel of our Navy taken part, direct or indirect, in any matter of search

¹ See *Foreign Relations*, 1915, Supplement, pp. 578 et seq.

and seizure of the character discussed in the State Department's note of October 21, 1915, addressed to the British Government.¹

¹ In reply to an inquiry Feb. 25, 1929, designed to complete the information on this subject, the following letter from the Secretary of the Navy was received by the Secretary of State on Apr. 1, 1929 (File No. 763.72112/12944) :

WASHINGTON, March 30, 1929.

SIR: The receipt is acknowledged of your letter of February 25, 1929, wherein you refer to the letters of the Secretary of the Navy of July 5, 1918, and February 20, 1919, on the subject of visit and search, and request reply to the following questions:

1. Was the belligerent right of visit and search of neutral ships ever actually exercised by vessels of the United States Navy during the war with Germany, 1917-18?
2. Were any neutral ships or cargoes brought into port by vessels of the United States Navy during that war for adjudication as prizes?
3. Were there any cases of search and seizure of the kind contested in the American note of October 21, 1915?

The general policy of the United States Navy during the World War, as to visit and search, is indicated by the *Instructions for the Navy of the United States Governing Maritime Warfare, June, 1917*, and by Alnav No. 78, of 21 May 1918, which reads as follows:

Commanders of all Naval vessels shall whenever possible take necessary steps to assure themselves of the character of all vessels sighted on the high seas in accordance with international law and usage.

As an example, however, of the limitations upon visit and search which were recognized by United States naval officers during the war, the *Bainbridge* incident may be mentioned. On March 6, 1918, the U.S.S. *Bainbridge* was dispatched from Gibraltar by Senior Naval Officer (British) under secret orders to intercept the Spanish S.S. *Reina Victoria Regina*, search for a passenger named Otto David, alias David Grundland or Grunland, and to arrest him and bring him to Gibraltar if found. When the then Commander of the United States Patrol Squadrons based on Gibraltar, Rear Admiral A. P. Niblack, learned of these orders, he protested and requested that the orders be revoked, which was done. A few days later the British Senior Naval Officer at Gibraltar received instructions from the British Admiralty that United States vessels should not be employed in removing enemy or other persons from neutral vessels.

Referring specifically to the three questions raised by the Secretary of State, I have the honor to state as follows:

The answer to the first question is, yes. The right of visit and search of neutral ships was exercised by the United States Navy constantly during the war, the following cases being cited among many:

- Danish schooner *Salus*, boarded by U.S.S. *Rochester*, May 3, 1918, in mid-Atlantic;
- Holland-American S.S. *Maartensdyk*, boarded by the U.S.S. *Craven*, April 24, 1917, seven miles west of Nantucket;
- Mexican schooner *San Cosme*, searched by U.S.S. *Brutus*, February 15, 1918, en route Acapulco to Manzanillo, Mexico;
- Spanish S.S. *Leon XIII*, searched by U.S.S. *Pittsburgh*, April 22, 1918, six miles off Santa Maria light, Uruguay.

The answer to the second question is that there is no record in the Navy Department of any neutral ship or cargoes being brought into port by vessels of the United States Navy during the World War for adjudication as prizes.

The answer to the third question is that there is no record in the Navy Department of any case of search and seizure by vessels of the United States Navy of the kind contested in the American note of October 21, 1915, found in *Foreign Relations*, 1915, Supplement, pages 578-89.

Trusting that the foregoing furnishes the information desired relative to this subject, I am [etc.]

C. F. ADAMS
Secretary of the Navy

I may, however, safely reiterate the statements concerning the war operations of United States naval vessels contained in my letter to you under date of January 6, 1919, a copy of which is enclosed herewith.

As being of interest, and of possible elucidation in the matter under consideration, I give you the substance of a memorandum prepared in the Office of Naval Operations, which may furnish some explanation affecting apparent coercion of merchant vessels in relation to ports of call, travel in convoy, diversion from usual routes, points of rendezvous, and so forth.

From and after May, 1917, convoys of merchant vessels were permitted to assemble in our ports, proceeding therefrom under escort and according to convoy rules issued by the British Admiralty and approved by our Navy Department; it does not appear that any of these rules were in conflict with the principles contended for in the diplomatic note of October 21, 1915.

Vessels traveling in convoy were required to follow certain routes, and in some cases were required to put into a port of call prior to the port of ultimate destination; but the only grounds for such definition of route or for putting into a port of call in which we concurred were for the purpose of giving safe routing instructions through dangerous sea areas, or for the purpose of furnishing escort, or for modified orders concerning destination.

Concerning routing instructions: The reason for establishing definite routes for vessels was solely for the purpose of making the voyage as safe as possible from enemy activities. In order to warn vessels of dangers in their presumed or established routes we required them to speak our speaking stations along the coast. We also concurred in British Admiralty instructions requiring vessels on long voyages to stop at some outlying routing station if they had sailed from a port at which no routing officer was stationed. At times this requirement caused diversion from the direct route to destination; but the only purpose for this diversion in which we concurred was to enable the vessel concerned to pursue a safe route.

Prior to the beginning of German submarine activity along our Atlantic coast about the first of June, 1918, this Department gave no routing instructions at all except to our men of war going abroad; instructions for these vessels were in accord with advices received from the Commander of United States Naval Forces Operating in European Waters. Before that time we concurred in and indorsed the British routing instructions by allowing their routing officers to be established in our ports and by advising American vessels to obtain routing instructions from these officers. In all such cases, however, the only purpose for which we indorsed the routings was in order to furnish such vessels the safest possible course through waters

rendered dangerous by the activities of the enemy. They were never indorsed for the purpose of causing vessels to be taken into port with the object of visit and search therein. Routing instructions were in all cases secret and committed to paper to the very smallest extent; no copies of such instructions are available for consultation at the present time.

In the course of study for the preparation of this reply to your letter a vague impression has been gained that some of the instructions given or concurred in by this Department may have required merchant vessels under the Spanish flag to obtain final clearance at New York upon their voyage from the West Indies to Europe; I have not, however, anything definite on this subject, and I should be glad to receive from you any specific instance of which you may possess knowledge tending to confirm this vague impression in order that if there be cause for such it may be further investigated.¹

Very respectfully,

JOSEPHUS DANIELS

MEASURES AFFECTING NEUTRAL TRADE: CONTROL OF EXPORTS, IMPORTS, AND BUNKER COAL

Proposals to Relax the Embargo on Shipments to European Neutrals of Nonessential Articles—Efforts of the American Government to Secure the Elimination of British "Letters of Assurance" ("Navicerts") and Examination at Halifax for Shipments to Neutrals—Discussion of Cooperation with the Allies in the Control of Shipments to Neutrals; Proposals for an Inter-Allied Blockade Committee—Bunker License Rules of January 19—Discussion of the "Financial Blockade"; Executive Order of January 26 for the Control of International Financial Transactions

File No. 600.119/471

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, *December 29, 1917, 8 p. m.*

[*Received December 30, 6.20 p. m.*]

8098. For your information and for War Trade Board from Sheldon:

The British War Trade Department and French and Italian representatives have received word from the Scandinavian countries that owing to existing Allied embargo, German agents are actively soliciting trade in a number of commodities in which Allied interests in the past had predominated. With a view of keeping part of this trade and of helping exchange in these countries, the War Trade Department is recommending to the Foreign Office that the embargo be relaxed—always subject, however, to license, both as regards quan-

¹ See the section dealing with control of Spanish ships, *post*, pp. 1729 *et seq.*

tities and consignees—on the following commodities, which are considered of no importance from a military standpoint. Please signify whether you would agree to this proposal and whether you would like to add any commodities affecting American trade. Herewith follows list:

REPORT OF SCANDINAVIAN AND HOLLAND CONFERENCE HELD AT THE WAR TRADE DEPARTMENT ON 27TH DECEMBER, 1917, TO CONSIDER THE DESIRABILITY FROM THE POINT OF VIEW OF ALLIED INTERESTS OF MAKING EXCEPTIONS FROM THE PRESENT GENERAL SUSPENSION OF EXPORTS TO SCANDINAVIA AND HOLLAND

Present: Lord Emmott, Chairman, Sir N. J. Highmore, M. Charpentier, Captain Giannini, last two Allied representatives; Mr. L. P. Sheldon, United States representative; Mr. A. McFayden, Treasury; Mr. H. H. Piggott, Ministry of Munitions; Mr. Kidston, Mr. Bland, and Mr. Gilmour, Foreign Office; Mr. F. Gossling, Board of Trade; Lieut. Commander Arnold Foster, R.N.V.R., Restriction of Enemy Supplies Department; Honorable Cecil Farrer, War Trade Statistical Department; Sir A. King, Mr. G. W. Bailey, Mr. T. A. Braddock, War Trade Department.

Lord Emmott, in opening the discussion, mentioned that the policy of the general suspension of exports to Scandinavia and Holland has now been in force for nearly three months. He pointed out that Germany was taking advantage of the embargo and was said by our Embassies to be exporting considerable quantities of goods of various descriptions to all the countries concerned. There could be no doubt that Germany only permitted export on *quid pro quo* basis and it followed that the general suspension of exports from Allied countries was a positive advantage to the enemy. He emphasized the fact that His Majesty's representatives in Scandinavia had recommended the resumption of exports of goods of the descriptions which those countries were at present importing from enemy countries. He also recommended that the export of articles of luxury should be continued and he thought consideration should be given to the question of allowing the export of goods not of any military importance, the manufacturers of which in Allied countries are suffering through the loss of the markets of Scandinavia and Holland.

Lists obtained from His Majesty's representatives in Scandinavia and Holland of goods which are being imported from enemy countries were then examined in detail and after discussion it was decided to recommend that the following goods should be exempted from the present general suspension:

Wines; films in exchange foot per foot of films of similar manufacture; phonographic records; pianos; made-up articles of clothing (on condition that careful control is exercised over articles composed wholly or partly of wool or cotton), straw hats, felt hats, trimmed ready for wear; machinery, spare or replacement parts (provided there is no probability that the machinery be used to the advantage of the enemy); the following drugs, etc.: amidol and substitutes, bromine, hydrobromic acid, sodium bromide, opium, alkaloids of ammoniac compounds, ferric compounds, camomile,

digitalis, nitrate of silver, synthetic drugs, namely, salvarsan, kharsevan, arsenobillon, novocain, eucaïne, acetyl, salicylic acid; china, glassware, and earthenware; saltcake (only in cases where an adequate *quid pro quo* can be obtained); flower seeds except seeds producers of oil; shrubs; musical instruments except instruments composed entirely or mainly of metal; pictures, reproductions of; marble and alabaster for [statuary] purposes; surgical and medical appliances other than appliances containing rubber; precious stones, real and imitation diamonds other than industrial diamond; feathers of high value; flowers, artificial; furs; expensive buttons of bone or horn; toys; carpets, oriental of high value; gauge glasses; teeth, artificial, except such as contain platinum or other rare metals; laces, hand-made, such as Maltese lace; coral tooth brushes.

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File No. 656.119/122

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, January 5, 1918, 5 p. m.

[Received 11.15 p. m.]

8161. Following for War Trade Board from Sheldon:

No. 3. Referring Frothingham's telegram to War Trade Board, No. 34, December 4.¹ I hope early decision will be reached regarding discontinuance or otherwise navicerts as affecting Dutch tonnage to lift their own rations under part [*provisional?*] Dutch agreement. Tonnage proposals for ultimate agreement presume continuance of Halifax visits which Dutch seem to object to. While calls at Halifax ought not to be objected to by Dutch and for [*under?*] provisional *modus operandi*, the question is more serious for tonnage arrangements under definite agreement. If the system of navicerts be not abandoned it should be understood for purposes of American prestige in Holland that system is approved by Allies and not dictated solely by His Majesty's Government. An early reply will be appreciated.

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File No. 600.119/476

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, January 7, 1918, 2 p. m.

[Received January 8, 1.08 a. m.]

8170. For War Trade Board from Sheldon:

No. 7. Referring my telegram December 29 on possible relaxation embargo certain articles Scandinavia, British Foreign Office write:

Suggest you notify your Government that in view of pressing importance of countering German efforts to capture trade these

¹ *Foreign Relations*, 1917, Supplement 2, vol. II, p. 995.

countries and of improving his own exchange His Majesty's Government propose to issue, from January 15 next, license for those goods which the conference recommend should be excepted from the embargo unless before that date any objection is raised by the people of the United States or any of the Allied Governments. Exports, when resumed, will be subject to the same restrictions in respect to quantity and consignees as they were previously to the imposition of the embargo.

Your early instructions are requested.

PAGE

File No. 600.119/476

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, January 9, 1918, 8 p. m.

6207. Following for Sheldon from War Trade Board:

Your cable of December 29 through Department, No. 8098, also your cable through Department of January 7, No. 8170, relating to alteration of embargo policy in respect of nonessentials. British Embassy here have no information whatsoever with regard to this suggestion and, until they hear from Foreign Office and we have conferred with them, cannot answer definitely. At present we do not favor the proposal, and in any event, if there is to be a relaxation upon the strict embargo, we think there are several commodities which should be eliminated from the list proposed, such as salvarsan, novocain, and others.

Referring yours of January 7,¹ we will send Mitchell as your assistant in connection with food import and export questions.

LANSING

File No. 656.119/122

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, January 10, 1918, 4 p. m.

6210. Following for Sheldon from War Trade Board:

Your 8161 through Department, concerning discontinuance of navicerts. Now that London office is organized and you have settled satisfactorily question of using facilities of Embassy for cables, we are prepared to proceed with elimination of navicerts for shipments to Norway, Sweden, Denmark, Holland, Faroe Islands and Iceland upon general plan suggested in your cable No. 34 of December 4² and Frothingham's letters of October 17¹ to Richards, and Frothing-

¹ Not printed.

² *Foreign Relations*, 1917, Supplement 2, vol. II, p. 995.

ham's memorandum for McCormick of November 17,¹ with only those modifications noted in detail below, and put same into effect on February 1. State Department will cable Embassy, London, to make informal representation to British Government in accordance Frothingham's cable No. 34.

The operation will be as follows:

1. War Trade Board, Washington, will cable daily to our representative in London the particulars of all license applications covering shipments to countries above mentioned, excluding those refused here by our War Trade Intelligence or for reasons of conservation. The particulars cabled will be: (1) application number, which, if license granted, will be license number; (2) shipper's name; (3) quantity; (4) commodity; (5) net weight; (6) consignee; (7) consignee's address; and (8) purchaser, if different from consignee.

2. Our representative in London will present foregoing particulars to British War Trade Intelligence and British War Trade Statistical Department.

3. British War Trade Intelligence will report evidence as to consignee.

4. British War Trade Statistical Department will report as to advisability of issuing license so far as concerns quantities previously licensed and total rationed quantity.

5. British Contraband Committee, together with our representative in London, will then consider evidence submitted and record their opinion with him as to approval or disapproval of applications in question.

6. Our representative in London will then cable War Trade Board, Washington, the findings of Contraband Committee, with which findings it will be assumed our representative in London agrees, unless otherwise stated. Should our representative in London not agree with opinion of Contraband Committee, reasons for disagreement will be cabled to Washington. If joint opinion is disapproval, reasons should be cabled as per code hereafter suggested.

7. War Trade Board at Washington, on receipt of reports from our representative in London, will then decide whether licenses shall be granted or refused, after considering findings of Contraband Committee and any other recommendations from London. If War Trade Board, Washington, agrees with London, no further word will be sent to London, who may therefore assume recommendation from London has been followed. If War Trade Board decides to issue or refuse license contrary to recommendation from London, they will advise London weekly of action taken.

8. All these routine messages dealing with export applications will be numbered serially. . . .²

It is important that we are in accord in every detail of this arrangement and you should immediately confirm this cable, stating

¹ Not printed.

² Description of code to be used in these messages omitted.

that you are prepared to put this system into operation on February 1 as above.

Referring to calls at Halifax, we have for several weeks been searching all vessels bound for Scandinavia and Holland through our Navy Department; and arrangements are being completed for elimination of calls at Halifax, which elimination we will insist upon.

Please send all communications from you or your staff to us through State Department. We have made arrangements to expedite deliveries.

LANSING

File No. 763.72/8526

Major Grimprel of the French High Commission to the Counselor for the Department of State (Polk)

[Translation]

WASHINGTON, January 11, 1918.

MY DEAR MR. POLK: Referring to the several conversations I have had the honor to have with you about the appointment of American delegates on the several committees sitting at Paris, I have the honor to advise you that the Government of the Republic again urges the appointment by the Federal Government of a representative on the Permanent International Committee on Economic Action.

The Minister of Blockade calls attention to the fact that all the Governments are represented on that committee which meets but once or twice a month, so that it is not necessary to send a special delegate.

Be pleased to believe [etc.]

M. GRIMPREL

File No. 600.119/484

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, January 15, 1918, 9 p. m.

6261. Following for Sheldon from War Trade Board:

Our No. 10. In connection with the doing away of letters of assurance, please report to us your recommendations as to the plan for division of rations, as between Great Britain, United States, and other countries.

McCormick discussed this matter with you when in London, but desires you to submit your complete and detailed recommendations upon this subject, in order that we can all agree upon a policy and thereby avoid friction in the future.

LANSING

File No. 600.119/480

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, *January 16, 1918, 3 p. m.*

[Received 5.45 p. m.]

8276. For War Trade Board from Sheldon:

No. 31. Referring your cable January 9 on alteration embargo policy, in respect of nonessentials, believe there may be some misunderstanding as to object of the proposal in mine of December 29 and January 7, as the immediate object of the suggested exemptions is to prevent capture by Germany of the Scandinavian and Dutch markets in goods which she and the Allies are able to supply. Evidence is constantly increasing that Germany is making every effort to capture these markets prematurely. As to the advisability of excluding from the list objects mentioned yours January 9, as Germany can and is exporting these products, it would seem that shortage of home supplies is the only reason for not allowing them to be exported from Allied countries which is a point upon which each Ally must decide for itself, the main question being to allow nothing of military importance, and nothing of which any of the Allies as a whole are short, for their own consumption. Understand Foreign Office has cabled Spring Rice. Please reconsider whole subject and cable.

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File No. 763.72/8559

The Ambassador in France (Sharp) to the Secretary of State

No. 5906

PARIS, *December 27, 1917.*

[Received January 17, 1918.]

SIR: Confirming my telegram No. 2950 of yesterday's date¹ relative to the desire of the Minister of Blockade to have the American Government represented on the International Committee of Economic Action, I have the honor to enclose herewith copy and translation of the Minister's note on which my telegram was based.

I am verbally informed by the secretary general of this committee that it is very much hoped that an announcement may be made at the next meeting to be held on January 12, of the decision which the American Government takes in this matter.

I have [etc.]

WM. G. SHARP

¹ Not printed.

[Enclosure—Translation]

The French Minister of Blockade (Lebrun) to the American Ambassador (Sharp)

MR. AMBASSADOR: At the first conference of the Allied Powers, held at Paris, March 27 and 28, 1916,¹ it was resolved that a permanent committee be established whereon all the Allied Governments would be represented and the object of which would be to "reinforce, coordinate and unify the economic action which is to be exerted with a view to preventing the revictualling of the enemy."

Pursuant to this resolution, the Ministry of Foreign Affairs proceeded to organize the International Permanent Committee of Economic Action, which, since June 20 of the same year, meets periodically at No. 33 rue Jean Goujon, under the presidency, first, of the Under Secretary of State for Foreign Affairs, and, subsequently, of the Minister of Blockade. The researches and deliberations of the said meeting result in the adoption of resolutions which are recommended to the consideration of the Allied Governments, which reserve the right to decide whether they deem advisable or not to accept them and put them into effect.

The Governments which, at the outset, were invited to be represented on the committee, that is to say, Belgium, Great Britain, Italy, Japan, Portugal, Russia, and Serbia, have appointed representatives who, later, were joined by the Roumanian delegate. My predecessors have requested Your Excellency kindly to bring about a similar decision on the part of the Washington Cabinet. I would be much obliged if you would urge upon your Government the participation henceforth of one or two American delegates in the work of the committee.

It is needless for me to point out here the very serious usefulness of such a collaboration from the American point of view, as well as from that of ourselves and our allies; it would, in fact, bring about the coordination necessary for the preparation of measures which, in order to produce their full effect, require a complete simultaneity in all the different countries interested, and would thus contribute to assuring the efficacy of the action of the Allies against the common enemy. In accordance with such considerations, the Federal Government has just decided, in the course of the conference recently held at Paris, to send a special delegate to the International Commission on Contingents; there would therefore seem, as Your Excellency will

¹ *Foreign Relations*, 1916, Supplement, pp. 972 *et seq.*

doubtless agree, to be no difficulty about taking similar action in regard to the committee in question.

Accept [etc.]

A. LEBRUN

PARIS, December 17, 1917.

File No. 600.119/3050

*The Commercial Adviser of the British Embassy (Crawford) to the
Counselor for the Department of State (Polk)*

WASHINGTON, January 17, 1918.

[Received January 18.]

MY DEAR POLK: With reference to our conversation of yesterday, the following is the substance of a telegram from the Foreign Office in answer to one which we sent, enquiring as to their views on the question of the form which any agreements that are eventually concluded with the northern neutrals should take.

Part of the arrangement consists of undertakings respecting the control of exports from neutral countries which only neutral governments themselves can fulfil. Moreover, our experience has convinced us that unless neutral governments are themselves bound we can not rely on their not interfering with private associations in a way which prevents the latter from carrying out their undertakings to us. This has markedly been the case as regards Holland and we have already intimated to the Dutch delegates that we shall have to insist on a form of agreement by which responsibility for their Government is definitely engaged. If the United States Government, in order to avoid delay and other difficulties involved in reference to Senate, are reluctant to conclude formal agreement having character of a convention, we would suggest that England, France and Italy should conclude it with the Netherlands Government and that the United States Government should then by a mere note from the State Department express their endorsement or approval of its stipulations. This would probably satisfy the Dutch.

The same procedure may prove applicable to Sweden.

As regards Norway and Denmark, difficulty arises that the United States Government are themselves conducting the negotiations at Washington. Perhaps this difficulty could be overcome by the United States Government concluding an agreement with the Norwegian and Danish Governments in very general terms, only leaving all details to be negotiated by all the Allies with several private associations at Christiania and Copenhagen on analogy of those which we had formally concluded.

I understand that the French and Italian Blockade representatives in London have expressed general agreement with the terms of this telegram although the French suggest for your consideration that the form of the Swiss-American agreement might prove a useful precedent for further agreements.

Yours very truly,

RICHARD CRAWFORD

File No. 600.119/482

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, *January 17, 1918, 10 p. m.*[*Received January 18, 2.35 p. m.*]

8290. For the information of the War Trade Board from Sheldon:

No. 37. I have naturally discussed tentatively with the Allies the form of control to be adopted for any agreement with a northern neutral which might be concluded, and have maintained that any one country should not have predominating influence such as has been the case with Great Britain in its relations with the Netherlands Oversea Trust; furthermore, as you agree to appoint a representative on the Swiss Blockade Committee, I supposed that your wishes would be to have an organization similar to that for the northern neutrals, should any agreement be concluded, in order to be ready in time with an inter-Allied blockade committee. It is time now to consider this question and make a decision, for I believe the Foreign Office plans to convoke a meeting of Allied representatives to discuss this matter. I do not see any other feasible way than to set up an inter-Allied blockade committee, for, if each country is to have the right to say that it alone shall be the judge of what is shipped from its own territory, I cannot see how an inter-Allied blockade committee can work smoothly.

In this connection the War Trade Board cable No. 13, sent through the State Department to Paris on November 23 [24],¹ presupposes and [*that?*] the War Trade Board license will be final and that its licenses in all cases are to be honored. This same plan also reiterated in your telegram to me of January 10, paragraph 7. It is my opinion that in the long run we would gain more than we would lose if an inter-Allied blockade committee should have the final decision on what exports should go forward to neutrals. This committee would be composed of representatives of Great Britain, France, Italy, and ourselves, the British and United States Governments having a proportionately larger vote than the other two. As an illustration of what is happening under the present individualistic scheme, the figures for imports into Holland in November show that, while nothing was received from the United States, there were imports from Great Britain, in addition to coal, of 1,400 tons of cement, 9,420 tons of oil, seeds, and fats, 980 tons of salt, 460 tons of ship-building materials, and smaller quantities of wines, cotton, yarn, and piece goods, woolen waste and piece goods, paper, borax, china, caustic soda, feathers, etc. All these imports were made without con-

¹ *Foreign Relations*, 1917, Supplement 2, vol. II, p. 988.

sultation with other Allies, so far as I know, and in spite of the declared embarkation [*embargo?*] policy. This could be regulated satisfactorily only by an inter-Allied blockade committee, and it is bound to continue until such a committee is established and become more fruitful source of friction. Under the working of a joint agreement, I am inclined to believe that the apparent acceptance by the (contraband?) committee of the principle in your telegram of November 24 was due to the fact that they will enjoy the same prerogatives as regards exports from Great Britain, but in the event of an agreement being concluded with a neutral, it would seem that an inter-Allied blockade committee would be a far preferable plan.

As regards the political effect on American shippers, it would seem that no valid objection would exist if a license were refused by the War Trade Board on the advice of the inter-Allied blockade committee, and that this is very different from their being refused a navicert by the British authorities.

The subject matter of your telegram of January 10 is being put forward to the Foreign Office by the Embassy in accordance with instructions, but I commend the above suggestions to you for your early consideration.

Since writing above, your No. 10 received,¹ which we will endeavor to answer as quickly as possible.

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*General Rules Number 1, Governing Granting Licenses for Bunker Fuel, Port, Sea, and Ship's Stores and Supplies, Issued by the War Trade Board, January 19, 1918*²

No vessel shall be allowed to clear from any port of the United States, or any United States possession, without having secured a license or licenses from the War Trade Board, through its bureau of transportation, covering all the bunker fuel aboard the vessel at the time of sailing (including coal, coke, oil, kerosene, and gasoline) and port, sea, and ship's stores and supplies. Stores and supplies are, for convenience hereafter, included with bunker fuel under the general designation of "bunkers." Before the loading of any "bunkers" on any vessel at any port of the United States or its possessions shall be permitted, the license for "bunkers" must be obtained. All applications for licenses for "bunkers" must be made upon Application Form B-1, or such other form as may hereafter be adopted by this Board. Applications for such licenses shall be approved only in accordance with the following and such other rules as may from time to time be adopted:

¹ *Ante*, p. 941.

² *The Official Bulletin*, Washington, Jan. 21, 1918 (vol. 2, No. 213), p. 9.

I. No application for "bunkers" by a sailing vessel for a voyage into the submarine war zone shall be approved. Sailing vessels equipped with auxiliary motive power shall, in the application of these rules, be classified as sailing vessels. A motor ship having no sailing power whatsoever shall be deemed to be in the same class as a steamship.

II. No application for "bunkers" by any vessel which has disobeyed any order of the United States Navy or of the United States Shipping Board, hereinafter called "Shipping Board," shall be approved.

III. No application for "bunkers" by any vessel of American registry not requisitioned by the "Shipping Board" shall be approved, except for a voyage and in a trade approved by the War Trade Board, and, if under charter, unless the charterer and the terms and conditions of the charter are approved by the War Trade Board.

IV. No application for "bunkers" by any neutral vessel¹ shall be approved unless the person or persons managing, owning, chartering, or controlling such vessels shall have reported to and filed, in duplicate, with the War Trade Board, the name of all vessels and the masters, and any changes that may from time to time have occurred respecting said vessels and masters, managed, owned, chartered, or controlled by him or them.

V. No application for "bunkers" by any neutral ship¹ shall be approved unless the person or persons owning, managing, chartering, or controlling such vessel shall enter into an agreement in a form to be approved by the War Trade Board, agreeing to comply with and be bound by each and all of the following regulations. Failure to comply with any of these regulations in the case of any one vessel may involve the refusal of "bunkers" to all of the vessels of the particular person, firm, or corporation managing, owning, chartering, or controlling the vessel in question.

(a) No vessel shall be chartered to a subject (including a person, firm, or corporation) of Germany or its possessions, or of any power allied with Germany, or to any person, firm, or corporation who or which shall not be acceptable to the War Trade Board.

(b) No vessel shall trade with, or be bound to, any port in Germany or its possessions, or to any country allied with Germany, nor shall a vessel aid any vessel employed by or for Germany or any country allied with Germany.

¹ By an announcement of Feb. 5, 1918, pars. IV and V were amended through insertion of the words: "or by any vessel of American registry not requisitioned by the United States Shipping Board." See *The Official Bulletin*, Washington, Feb. 5, 1918 (vol. 2, No. 226), p. 3.

(c) No vessel shall, without the consent of the State Department, carry any subject of Germany or its possessions, or of any country allied with Germany.

(d) No vessel shall carry any cargo which comes from or through or is destined to Germany or its possessions, or to any country allied with Germany.

(e) Every vessel which proceeds from or to the United States, to or from Norway, Sweden, Denmark (including Iceland and the Faroe Islands), Holland, Spain, or to or from any neutral port in the Mediterranean Sea, shall call for examination as may be directed by the War Trade Board.

(f) No vessel shall carry from a port outside the United States to any European port cargo which has not been previously approved by the War Trade Board or the Inter-Allied Chartering Executive.

(g) No vessel shall carry any cargo from Norway, Sweden, Denmark (including Iceland and the Faroe Islands), Holland, Spain, or Switzerland to any ports unless such cargo is accompanied by a certificate of nonenemy origin.

(h) No vessel shall carry any goods which are consigned to "order" (goods may, however, be consigned to the order of a named person, firm, or corporation when such person, firm, or corporation is the actual consignee). This provision shall not apply to goods shipped from a port of the United States or its possessions to countries other than Norway, Sweden, Denmark (including Iceland and the Faroe Islands), Holland, Spain, and Switzerland.

(i) No vessel shall carry any coal or mineral oil (including naphtha and gasoline) unless the consignee is approved by the War Trade Board.

(j) If a vessel is fitted with wireless telegraphy, the sending apparatus shall be sealed in such manner that no message can be sent without the knowledge of the master. The master shall be responsible for seeing, first, that no message to the enemy is sent by wireless telegraphy; second, that no reports are made of vessels sighted or of any weather conditions experienced; third, that no wireless messages of any kind are sent within 200 miles of England, France, Portugal, or Italy, except emergency messages relating to vessels or persons in distress.

(k) The owner or charterer shall, upon request to do so by the War Trade Board, dispense with the services of the master, officers, or any members of the crew.

(l) No vessel shall proceed on any voyage or be chartered on trip or time charter without the previous consent of the War Trade Board or the Inter-Allied Chartering Executive.

(*m*) No vessel shall carry any cargo which is consigned to or shipped by any person, firm, or corporation with whom citizens of the United States are prohibited by law from trading.

(*n*) No vessel shall carry to or from any European port any cargo which is consigned to or shipped by any person, firm, or corporation with whom citizens of any of the Allied countries are prohibited by law from trading.

(*o*) No vessel shall be bought or sold without the previous approval of the United States Shipping Board, War Trade Board, or of the Inter-Allied Chartering Executive.

(*p*) No vessel shall be laid up in port without the approval of the War Trade Board or the Inter-Allied Chartering Executive.

(*q*) Every vessel clearing from a port of the United States shall observe all orders and requirements of the committee on ship protection of the Emergency Fleet Corporation, of the Navy Department, of the Department of Commerce, and of the Bureau of War Risk Insurance of the Treasury Department.

(*r*) All "bunkers" received by any vessel shall be used solely for the purposes of the vessel, and no portion of the bunkers shall be landed in any port or transferred to any other vessel.

(*s*) A report in duplicate shall be furnished to the War Trade Board each month, showing in detail the movement of all vessels subject to these regulations.

File No. 600.119/487

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, *January 22, 1918, 11 a. m.*

[*Received 8.32 p. m.*]

8342. For War Trade Board [from Sheldon]:

No. 52. Referring our No. 37.¹ While an answer to Embassy's note to Foreign Office concerning elimination navicerts has not been received as yet, I understand Foreign Office has telegraphed British Embassy, Washington, to take up matter direct with you. Informal session with Contraband Committee develops two sticking points in your proposal which will be subjects in discussion of matter by Embassy, Washington. These points are:

(1) In cases where War Trade Board overrules London findings against issuance of license, British shall be advised and case reconsidered in light of Washington decision before such license shall be issued. Essential Washington and London be in accord on all export movements under license. British licensing follows Contraband Committee rulings on commodities and consignees.

¹ *Ante*, p. 945.

They contend, therefore, that American licenses should not be issued in cases where similar facilities are refused British shippers according to Contraband Committee rulings.

(2) War Trade Board should recognize control machinery established through trade associations in northern neutral countries for guaranteeing individual import shipments. This does not necessitate adherence to British agreements with neutral trade associations but it necessitates the recognition of such machinery and consequently necessitates compliance on the part of American exporters and their neutral customers with conditions imposed by such existing machinery. For example, imports to Denmark from all countries including England are given facilities only when Danish Merchants' Guild certificate has been issued to importer. Issuance British export license is conditioned upon the receipt of such guild certificate here. Contraband Committee attaches greatest importance to recognition this guarantee machinery in addition to general rationing agreements with respective neutral governments.

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File No. 600.119/492a

The Acting Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, January 23, 1918, 2 p. m.

6325. For Sheldon [from War Trade Board]:

No. 28. Your No. 31.¹ In the light of information available to us, and aside from our desire to maintain a consistent policy toward Holland and Scandinavia throughout the negotiations, we are convinced that the surest and most effective way to expedite negotiations and bring about agreements with border neutrals is the continued maintenance of complete embargo, and we feel that these considerations outweigh any effect from capture of Scandinavian and Dutch markets by Germany.

Nevertheless, in view of your closer proximity to the situs of negotiations, we are disposed to entrust this matter to you; and if you and Minister of Blockade, after giving consideration to our views, feel it advisable to modify embargo by permitting export of nonessentials, we will be guided by your judgment and you are authorized to proceed accordingly.

Since formulating the above reply, we have received your Nos. 37² and 43.³ In view of same we are brought to conclusion that attempt of War Trade Board to maintain strict embargo against Scandinavia and Holland has been unsuccessful, and this is an additional reason for leaving the matter entirely to the judgment of yourself and Minister of Blockade.

POLK

¹ Ante, p. 942.

² Ante, p. 945.

³ Not printed.

File No. 763.72112/5964

The Acting Secretary of State to the Secretary of the Treasury
(McAdoo)

WASHINGTON, *January 24, 1918.*

SIR: The British Embassy is pressing me for an answer to the various notes and memoranda submitted to this Department and forwarded to you or to the War Trade Board for the information of your representative, Mr. Straus, relating to the extension of the financial blockade and the securing of bankers' guarantees.

The position of the United States Government with respect to the proposal suggested, inasmuch as questions of financial policy are presented, must be decided by you. For my part I see no objection to putting into effect the suggestion as to bankers' guarantees contained in the telegram to you dated December 19, 1917, from Mr Crosby (his No. 21).¹

In my letter to you of August 28, 1917,² I suggested a modification of section V of the memorandum of the British Embassy dated August 18, 1917. The same suggestion applies to section VII of the memorandum forwarded with the note of the British Embassy dated October 5, 1917,³ a copy of which note was sent to the War Trade Board for the information of your representative on that board. This modification simply conforms the language of the memorandum to our definition of "enemy."

I shall be glad to receive from you an expression of your views so that I may communicate the same to the British Embassy at the earliest possible moment.

I have [etc.]

FRANK L. POLK

File No. 600.119/491

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, *January 24, 1918, 11 p. m.*

[Received January 25, 2.23 a. m.]

8387. War Trade Board [from Sheldon]:

No. 69. Referring your No. 10.⁴ Have had extended conferences with Simpkin, War Trade Intelligence, and Harwood, War Trade Statistical Department. They are both against the principle of division of rations as their previous experience in trying to make such division even as regards continents rather than countries has proved impracticable. Their belief is that the neutral buyer ought within certain limits [to] be allowed to go to the market

¹ *Foreign Relations*, 1917, Supplement 2, vol. II, pp. 1005-1006.

² *Ibid.*, p. 938.

³ *Ibid.*, pp. 959-960.

⁴ *Ante*, p. 941.

that suits him best, subject to restrictions on inadvisable use of tonnage, and, as such conditions change, it is practically impossible in advance to predetermine the sources of neutral supplies. The control, however, from the point of view of tonnage should be specified in the agreements and remain in the hands of the Inter-Allied Committee. The apportionment of the commodities to be supplied from the Allied countries, owing to probable lack of competition, they believe would not lead to much friction among sellers. If you have any particular commodities in mind of Allied origin coming within the ration on which specific agreements ought to be studied, please cable us a list. It is pointed out that the ration of manufactured articles is obviously extremely difficult to apportion in advance. After discussing this matter with Frothingham, I am inclined to agree with the point of view expressed by these men who have had experience on this point.

PAGE

File No. 600.119/500a*The Secretary of State to the Ambassador in Great Britain (Page)*

[Telegram]

WASHINGTON, January 30, 1918, 2 p. m.

6387. For Sheldon [from War Trade Board]:

No. 49. War Trade Board is now working on the formulation of a comprehensive plan for the control and regulation of exports to northern neutrals. This of course involves fixing the constitution and powers of Inter-Allied Blockade Committee. The Board's views will shortly be transmitted to you. In meantime any further suggestions you may have to make will be welcomed. McFadden, Board's representative to France, is sailing for England *en route*. Board considers that exports to Switzerland should be handled through its representative in Paris and by an organization in France which it now has under consideration.

LANSING

File No. 763.72/8526*The Counselor for the Department of State (Polk) to Major
Grimprel of the French High Commission*

WASHINGTON, January 30, 1918.

MY DEAR MAJOR GRIMPREL: Referring to your letter of the 11th instant, I beg to advise you that at the present time this Government is not prepared to appoint a representative on the Permanent International Committee on Economic Action.

Yours sincerely,

[FRANK L. POLK]

File No. 600.119/493

*The Secretary of State to the Diplomatic and Consular Officers*¹

[Circular telegram]

WASHINGTON, January 30, 1918, 6 p. m.

Advise consular officers at seaports, your jurisdiction, that every vessel leaving United States ports on or after February 1, 1918, will carry copy of shipper's export declaration, manifest of cargo to be discharged at each port, Bunker Form No. 7 and Bunker Form No. 2, which master must deliver to American consul on arrival at port, and place consul in possession of all facts relating to cargo, bunkers, ship's stores and voyage, and can proceed to load or discharge only after receiving authority from consul. Documents delivered by master should be returned to him by consular officer upon clearance. Consular officers will observe and report for Bureau of Exports, War Trade Board, all deliveries of cargo not in accordance with shipper's export declaration, and will report by cable for Bureau of Transportation, War Trade Board, any failure by master or owner to fulfill terms of bunker agreement. Full instructions by mail follow.

[LANSING]

File No. 763.72112/7607

The Assistant Secretary of the Treasury (L. Ffingwell) to the Counselor for the Department of State (Polk)

WASHINGTON, February 1, 1918.

DEAR MR. POLK: I beg leave to acknowledge receipt of your letter of January 24, in which you inform me that the British Embassy is pressing for an answer to various notes and memoranda submitted in relation to the extension of the financial blockade, and the securing of bankers' guarantees.

It has been impossible so far to take any action in regard to these matters, pending the preparation and approval of an Executive order dealing with the subject.

The President has just signed (on January 26) an Executive order which has been in preparation for some time, and which prescribes rules and regulations under section 5 of the Trading with the Enemy Act, and supplements, rules, and regulations heretofore prescribed under title 7 of the Espionage Act. I enclose herewith two copies of this order.²

You will observe that the order requires declarations from foreign bankers dealing with bankers within the United States in order to

¹ This instruction was superseded by that of Mar. 29, *post*, p. 977.

² Not printed.

safeguard the accounts of United States bankers with such foreign bankers against use for the benefit of an enemy or ally of enemy. Any foreign banker failing to execute such declaration, or, having executed it, failing to comply with its terms, will be precluded from doing business with bankers within the United States, and, in addition, there is lodged in the Federal Reserve Board the power to prohibit such business connection in any case in which, in their judgment, the best interests of the United States require such action. This provision will permit the application and progressive tightening of any form of financial blockade that may be agreed on. In respect of this matter, we are waiting to hear further from Mr. Crosby, in pursuance to his cable No. 21 to the Secretary of the Treasury.¹

You will observe that the regulations will put the Federal Reserve Board in possession of full information in regard to credit and banking operations with foreign countries. It is thought that interesting and valuable information will be obtained in this way.

In connection with this subject, I request that the attached cable be sent to Mr. Crosby.²

Cordially yours,

R. LEFFINGWELL

File No. 763.72112/7885a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, February 2, 1918, 8 p. m.

6429. For Crosby [from Leffingwell, Treasury]:

Treasury 69. On January 26, the President signed an Executive order placing in the hands of Federal Reserve Board the executive administration of section 5 of Trading with the Enemy Act and section 7 of the Espionage Act. Order requires all dealers in foreign exchange to take out registration certificates so that Government may know who such dealers are; also requires from them complete reports weekly of all exchange transactions. This will give valuable insight into what is taking place in United States exchange markets. Also requires parties buying or selling exchange to file with bankers a statement of nature of transaction and declaration of no enemy interest. These statements are to be retained by banks except where Federal Reserve Board thinks necessary to investigate particular transactions. Order also requires in connection with all sales of securities or collection of coupons or dividends for foreign account a statement of no enemy interest; also requires all foreign correspondents of American banks to file statement that account of

¹ *Foreign Relations*, 1917, Supplement 2, vol. II, pp. 1005-1006.

² *Infra*.

such American bank with foreign correspondent and also foreign correspondents' account with American bank will not be used for benefit of enemy or ally of enemy. This last declaration can be tightened into financial blockade by making terms more stringent and circumscribing more narrowly the transactions which foreign bank shall be allowed to undertake with German banks as a condition for being allowed to do business with United States banks. Advisability and necessity of this will appear more clearly when reports of transactions have been received and studied for a few weeks. Are mailing you copies of order and shall deliver copies to all foreign embassies here as well as sending them to our ambassadors in foreign countries. Shall do nothing about tightening present regulations into financial blockade until we hear from you as per your telegram No. 21. Leffingwell.

LANSING

File No. 600.119/503

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, February 4, 1918, 7 p. m.

[Received February 5, 1.47 a. m.]

8498. War Trade Board [from Sheldon]:

No. 101. Refer your No. 49, our Nos. 52 and 37, and yours of January 10.¹ Embassy is still without reply from Foreign Office on abolition navicerts. I have had further informal talks and am led to believe that their reply will be in accordance with the plan in your telegram of January 10, with the proviso that should War Trade Board desire issue a license against the rulings of the Contraband Committee, your board will not take such action until the matter has been made the subject of diplomatic correspondence, the idea being, I learn, that should a license be granted by you against the express wish of the Contraband Committee the circumstances might be such that a protest would be lodged by His Majesty's or one of the other Allied Governments and it would be preferable that this protest should be made before the *fait accompli* of an issued license rather than thereafter. The Foreign Office is of the opinion, however, that the number of such cases would be so small as to render such proviso practically negligible. I am informed that Cecil, Leverton Harris and other officials approve of the constitution of an inter-Allied blockade committee which would have the final decision on such matters and that your plan, with the proviso above mentioned, is satisfactory as a temporary means until such inter-Allied blockade committee should be constituted which, I am glad

¹Ante, pp. 952, 949, 945, and 939, respectively.

to note from your No. 49, is contemplated by you. Am inclined attach less importance to the export of commodities from Great Britain to Holland mentioned in my No. 37 than I previously did, owing to the practical cessation of such exports in December and as the reasons given for the November exports seem reasonable.

Referring to Department's cable to Embassy, No. 6385, January 29,¹ Embassy has taken the matter up with the Foreign Office and I believe from informal discussion that the plans for Greece will be entirely satisfactory.

PAGE

File No. 659a.119/4

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, February 7, 1918, 4 p. m.

6476. For Sheldon [from War Trade Board]:

No. 75. British Embassy recommending to Foreign Office that immediate steps be taken to eliminate letters of assurance on shipments to Iceland and Faroe Islands with understanding that export licenses will be issued only after reference to Inter-Allied Committee, London, for recommendation. Is London Committee now prepared to act in this matter?

LANSING

File No. 600.119/515

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, February 8, 1918, 11 p. m.

[Received February 9, 2.45 a. m.]

8572. Please deliver the following message to War Trade Board from Sheldon and note it contains reply your 6214 of January 10, 5 p. m.¹

No. 109. Your No. 75. No inter-Allied blockade committee exists, as we have never received instructions from you on the points mentioned in my No. 37. I think, therefore, that final decision on the subject matter of your 75 should be deferred until agreement has been reached on inter-Allied blockade committee. Embassy has now received reply to note to Foreign Office on subject matter of your telegram of January 10, through State Department 6210. Their reply is on the lines indicated in my No. 101 and it is stated that British Embassy, Washington, was instructed to take up the matter direct with you. The Foreign Office note further points out that British Government have, as yet, received no concrete proposals from the

¹ Not printed.

United States Government as to how, where, and by whom the examination of neutral vessels is to be carried out in the event of the present system of examination at Halifax being abandoned. They state they are quite prepared to give immediate consideration to any definite suggestions which you put forward, but the question is one which must be considered in conjunction with the British Admiralty and should, in the opinion of the British authorities, be treated as quite distinct from that of the elimination of [letters of] assurance. This matter also, we are informed, is being discussed by the British Embassy, Washington, and the United States Government.

PAGE

File No. 103.96/254

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, February 13, 1918, 5 p. m.

6571. For Sheldon [from War Trade Board]:

No. 99. Your No. 109. British Embassy has been taking up with us direct matter of eliminating call at Halifax; also, Captain Mackin of British Admiralty, in charge at Halifax, has been here in conference with our naval representatives. Agreement has been reached satisfactory to British Embassy and Captain Mackin, which provides for elimination of call at Halifax by vessels proceeding from United States ports and search at United States ports by United States officials assisted and advised by British Admiralty officers who will be brought here from Halifax.¹ British Embassy and Captain Mackin have cabled Foreign Office and Admiralty respectively asking their approval of foregoing arrangements. Upon securing such approval we understand call at Halifax will at once be eliminated.

LANSING

File No. 600.119/521

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, February 14, 1918, 11 p. m.

[Received 11.51 p. m.]

8670. The Foreign Office has approached me informally on the desirability of setting up some kind of a blockade council. They hope that the project will materialize in the near future, but meanwhile suggest that the establishment here of an international sub-

¹ Telegram to the Ambassador in Great Britain, June 14, No. 8270, for Sheldon, No. 679, states: "Present arrangement with the British Government . . . provides for a search in United States ports of only those vessels which load their [entire] cargoes in the United States." (File No. 656.119/484.)

committee on rationing and statistics would make the practical working of blockade operations smoother and easier.

Therefore it is evident that questions on these subjects must arise in the course of our negotiations with neutrals, and that it would be convenient to have some international body that could give us authoritatively the statistical facts involved. The Foreign Office proposes, therefore, to ask Mr. R. E. Harwood to serve on such a committee and to ask the Italian and French Governments each to nominate a member. In view of this action they inquire whether the Government of the United States would be disposed to do likewise. Should you consent to this, I would suggest that I be authorized to designate Sheldon of my staff.

PAGE

Proclamations of February 14 Requiring Licenses for All Exports and Imports—Arrangements for Cooperation with the Allies in the Issuance of Export Licenses—Elimination of "Navicerts" and Calls at Halifax—Relaxation of the Embargo on Nonessential Articles for Sweden and the Netherlands

Proclamation No. 1428, February 14, 1918, Regarding Exports in Time of War

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS Congress has enacted, and the President has on the fifteenth day of June, 1917, approved a law which contains the following provisions:

"Whenever during the present war the President shall find that the public safety shall so require, and shall make proclamation thereof, it shall be unlawful to export from or ship from or take out of the United States to any country named in such proclamation any article or articles mentioned in such proclamation, except at such time or times, and under such regulations and orders, and subject to such limitations and exceptions as the President shall prescribe, until otherwise ordered by the President or by Congress: Provided, however, that no preference shall be given to the ports of one State over those of another."

AND WHEREAS the President has heretofore by proclamations dated July 9, 1917, August 27, 1917, September 7, 1917, and November 28, 1917, declared certain exports in time of war unlawful, and the President now finds that the public safety requires that such proclamations be amended and supplemented in respect to the articles and countries hereinafter mentioned;

NOW, THEREFORE, I, WOODROW WILSON, President of the United States of America, do hereby proclaim to all whom it may concern,

that the public safety requires that the following articles, namely: all kinds of arms, guns, ammunition and explosives, machines for their manufacture or repair, component parts thereof, materials or ingredients used in their manufacture, and all articles necessary or convenient for their use; all contrivances for or means of transportation on land or in the water or air, machines used in their manufacture or repair, component parts thereof, materials or ingredients used in their manufacture, and all instruments, articles and animals necessary or convenient for their use; all means of communication, tools, implements, instruments, equipment, maps, pictures, papers and other articles, machines and documents necessary or convenient for carrying on hostile operations; all kinds of fuel, food, foodstuffs, feed, forage and clothing, and all articles and materials used in their manufacture; all chemicals, drugs, dyestuffs and tanning materials; cotton, wool, silk, flax, hemp, jute, sisal and other fibres and manufactures thereof; all earths, clay, glass, sand, stone and their products; animals of every kind, their products and derivatives; hides, skins and manufactures thereof; all non-edible animal and vegetable products; all machinery, tools, dies, plates, and apparatus and materials necessary or convenient for their manufacture; medical, surgical, laboratory and sanitary supplies and equipment; all metals, minerals, mineral oils, ores, and all derivatives and manufactures thereof; paper pulp, books and all printed matter and materials necessary or convenient for their manufacture; rubber, gums, rosins, tars and waxes, their products, derivatives and substitutes, and all articles containing them; wood and wood manufactures; coffee, cocoa, tea and spices; wines, spirits, mineral waters and beverages; and all other articles of any kind whatsoever shall not, on and after the sixteenth day of February in the year One Thousand Nine Hundred and Eighteen, be exported from, or shipped from, or taken out of the United States or its territorial possessions to Abyssinia, Afghanistan, Albania, Argentina, Austria-Hungary, Belgium, her colonies, possessions and protectorates, Bolivia, Brazil, Bulgaria, China, Chile, Colombia, Costa Rica, Cuba, Denmark, her colonies, possessions and protectorates, Dominican Republic, Ecuador, Egypt, France, her colonies, possessions and protectorates, Germany, her colonies, possessions and protectorates, Great Britain, her colonies, possessions and protectorates, Greece, Guatemala, Haiti, Honduras, Italy, her colonies, possessions and protectorates, Japan, Liechtenstein, Liberia, Luxembourg, Mexico, Monaco, Montenegro, Morocco, Nepal, The Netherlands, her colonies, possessions and protectorates, Nicaragua, Norway, Oman, Panama, Paraguay, Persia, Peru, Portugal, her colonies, possessions and protectorates, Roumania, Russia, Salvador, San Marino, Serbia, Siam, Spain, her colonies, possessions and protector-

ates, Sweden, Switzerland, Turkey, Uruguay, or Venezuela, except under license granted in accordance with regulations or orders and subject to such limitations and exceptions as have heretofore been, or shall hereafter be prescribed in pursuance of the powers conferred by said Act of June 15, 1917. The said proclamations of July 9, 1917, August 27, 1917, September 7, 1917, and November 28, 1917, and paragraph II of the executive order of October 12, 1917, are hereby confirmed and continued and all rules and regulations heretofore made in connection therewith or in pursuance thereof are likewise hereby confirmed and continued and made applicable to this proclamation.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the United States of America to be affixed.

DONE in the District of Columbia, this 14th day of February in the year of our Lord One Thousand Nine Hundred and [SEAL] Eighteen and of the Independence of the United States of America the One Hundred and Forty-Second.

WOODROW WILSON

By the President,

ROBERT LANSING

Secretary of State.

Proclamation No. 1429, February 14, 1918, Regarding Imports in Time of War

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS Congress has enacted, and the President has on the Sixth day of October, 1917, approved, a law which contains the following provisions:

“Whenever during the present war the President shall find that the public safety so requires and shall make proclamation thereof it shall be unlawful to import into the United States from any country named in such proclamation any article or articles mentioned in such proclamation except at such time or times, and under such regulations or orders, and subject to such limitations and exceptions as the President shall prescribe, until otherwise ordered by the President or by Congress: Provided, however, that no preference shall be given to the ports of one State over those of another.”

AND WHEREAS the President has heretofore by proclamation dated November 28, 1917, declared certain imports in time of war unlawful, and the President now finds that the public safety requires that such proclamation be amended and supplemented in respect to the articles and countries hereinafter mentioned;

NOW, THEREFORE, I, WOODROW WILSON, President of the United States of America, do hereby proclaim to all whom it may concern that the public safety requires that the following articles, namely: all kinds of arms, guns, ammunition and explosives, machines for their manufacture or repair, component parts thereof, materials or ingredients used in their manufacture, and all articles necessary or convenient for their use; all contrivances for or means of transportation on land or in the water or air, machines used in their manufacture or repair, component parts thereof, materials or ingredients used in their manufacture, and all instruments, articles and animals necessary or convenient for their use; all means of communication, tools, implements, instruments, equipment, maps, pictures, papers and other articles, machines and documents necessary or convenient for carrying on hostile operations; all kinds of fuel, food, foodstuffs, feed, forage and clothing, and all articles and materials used in their manufacture; all chemicals, drugs, dyestuffs and tanning materials; cotton, wool, silk, flax, hemp, jute, sisal and other fibres and manufactures thereof; all earths, clay, glass, sand, stone, and their products; animals of every kind, their products and derivatives; hides, skins and manufactures thereof; all non-edible animal and vegetable products; all machinery, tools, dies, plates, and apparatus, and materials necessary or convenient for their manufacture; medical, surgical, laboratory and sanitary supplies and equipment; all metals, minerals, mineral oils, ores, and all derivatives and manufactures thereof; paper pulp, books and all printed matter, and materials necessary and convenient for their manufacture; rubber, gums, rosins, tars and waxes, their products, derivatives and substitutes, and all articles containing them; wood and wood manufactures; coffee, cocoa, tea and spices; wines, spirits, mineral waters and beverages; and all other articles of any kind whatsoever, shall not, on and after the sixteenth day of February, in the year One Thousand Nine Hundred and Eighteen, be imported into the United States or its territorial possessions from Abyssinia, Afghanistan, Albania, Argentina, Austria-Hungary, Belgium, her colonies, possessions and protectorates, Bolivia, Brazil, Bulgaria, China, Chile, Colombia, Costa Rica, Cuba, Denmark, her colonies, possessions and protectorates, Dominican Republic, Ecuador, Egypt, France, her colonies, possessions and protectorates, Germany, her colonies, possessions and protectorates, Great Britain, her colonies, possessions and protectorates, Greece, Guatemala, Haiti, Honduras, Italy, her colonies, possessions and protectorates, Japan, Liechtenstein, Liberia, Luxembourg, Mexico, Monaco, Montenegro, Morocco, Nepal, The Netherlands, her colonies, possessions and protectorates, Nicaragua, Norway, Oman, Panama, Paraguay, Persia, Peru, Portugal, her colonies,

possessions and protectorates, Roumania, Russia, Salvador, San Marino, Serbia, Siam, Spain, her colonies, possessions and protectorates, Sweden, Switzerland, Turkey, Uruguay, or Venezuela, except under license granted in accordance with regulations or orders and subject to such limitations and exceptions as have heretofore been, or shall hereafter be prescribed in pursuance of the powers conferred by said Act of October 6, 1917. The said proclamation of November 28, 1917, and paragraph III of the executive order of October 12, 1917, are hereby confirmed and continued and all rules and regulations heretofore made in connection therewith or in pursuance thereof are likewise hereby confirmed and continued and made applicable to this proclamation.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the United States of America to be affixed.

DONE in the District of Columbia, this 14th day of February in the year of our Lord One Thousand Nine Hundred and [SEAL] Eighteen and of the Independence of the United States of America the One Hundred and Forty-Second.

WOODROW WILSON

By the President,

ROBERT LANSING,

Secretary of State

File No. 600.119/545a

The Secretary of State to the Diplomatic Representatives in All Countries

[Circular telegram]

WASHINGTON, February 15, 1918.

Two proclamations have been issued today, effective February 16, under which licenses are required for all exports from and all imports into the United States. Copies follow by pouch. Repeat to all consular officers.

LANSING

File No. 103.96/309a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, February 16, 1918, 7 p. m.

6600. For Sheldon [from War Trade Board]:

No. 108. The War Trade Board has established a committee of five to be known as the Contraband Committee, which will, under the supervision of the War Trade Board, handle the administrative problems in connection with the issuance of export licenses in accordance with the general policies of the Board, and also make such rules

and regulations as may be necessary to carry out the instructions of the Board. The actual licensing will continue to be done as heretofore by the Bureau of Exports in accordance with the regulations of the Contraband Committee. Full details follow by mail. Repeat in full to Christiania, Stockholm, Copenhagen, and The Hague.

LANSING

File No. 600.119/544a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, February 18, 1918, 7 p. m.

6617. For Sheldon [from War Trade Board]:¹

No. 113. Understanding now reached with British Embassy, subject to formal approval of Foreign Office, for complete elimination navicerts on following basis:

1. United States will recognize control machinery now existing in neutral countries, reserving right from time to time to propose changes in personnel, form of organization, and method of control.

2. Trade representatives of the United States and Great Britain in northern neutral countries will constitute themselves informal local joint committees to supplement and supervise the workings of domestic control organizations.

3. The first step in any import transaction will be: the buyer securing a permit from his local control organization, if any, and if not, filing an application to import with the local joint committee. The local import permit, if granted, or application to import, will be given number and reported with comment by local joint committee to London committee hereafter referred to.

4. Seller will then apply for export permit, giving import permit number. The exporting country will first pass for itself on question of conservation and consignor. If these tests successfully passed, application will then be referred to an inter-Allied committee at London.

5. The inter-Allied committee will pass on the following points:

- (a) Can importation be permitted in view of rationing agreements?

- (b) Are consignee and ultimate purchaser satisfactory?

- (c) The committee will also apply principles as to conservation of tonnage if and when such principles are agreed to by the governments concerned. The committee will not, however, itself formulate and apply rules on this subject.

6. For the present, the inter-Allied committee to be utilized will be the existing Contraband Committee; whether a new inter-Allied blockade committee should be created will be subsequently considered.

¹ See next to last paragraph for instruction to repeat to legations at The Hague, Christiania, Stockholm, and Copenhagen.

7. The War Trade Board London representative will cable recommendation of committee. It is expectation of War Trade Board that it will uniformly follow London committee recommendation. It reserves, however, the right to overrule London decision, but in no case would this reserved right be exercised without previous exchange of views with British. It is understood that Great Britain will adopt similar practice and United States representative on committee be given opportunity to scrutinize British applications to export, and that no licenses will be issued over his objection without previous exchange of views with United States.

8. No attempt will be made to apportion rations among several cobelligerents. Buyer will be entirely free to select his own market.

9. Where the neutral buyer desires to purchase in another neutral country, his import permit or import application may be submitted through local committee to London committee, with name of consignor, and London committee in such cases may pass on transaction in its entirety and its decision will be final.

10. The method of handling cables, abbreviations, etc., will be as set out in Department's No. 6210, January 10, 4 p. m.,¹ with following additions and changes:

(a) We propose to add to our regular serial number a second number prefixed by a letter designating country of destination; this second group of numbers to be run serially according to country of destination. Applications for shipments to Norway will be given our regular serial number, to which we will add A1, A2, A3, etc.; Swedish applications will be numbered as regularly, plus B1, B2, etc.; Denmark, letter C; Holland, letter D; Iceland and Faroe Islands, letter E; Greece, letter G. Shipments to any of the above countries under \$100, except for Greece, will be lettered Z; and shipments of this character for Greece, letter U.

(b) Sixth item in cable will be "consignee"; seventh, "import certificate number"; eighth "consignee's address"; ninth "purchaser, if different from consignee"; tenth "purchaser's address, if a purchaser different from consignee."

11. We propose to license freely, but with discretion, shipments of under \$100 in value, to all destinations, without reference to London. Weekly reports of Z and U licenses will be sent by mail to War Trade Board, London and Athens, respectively.

12. It is proposed to inaugurate the foregoing methods immediately in case of Iceland, and also in respect of Holland and Sweden as soon as export of nonessentials begins.

You will please repeat the foregoing to United States Legations at The Hague, Christiania, Stockholm, and Copenhagen.

It is suggested we permit shipments to northern neutrals only on vessels carrying the flag of the country of destination. Please cable

¹ *Ante*, p. 939.

your views on this. British Embassy suggests licenses for northern neutrals should be valid only for 60 days, in accordance with British practice. We seriously object to this as railroads will require licenses before beginning shipment to seaboard and, owing to our unusual railroad conditions and difficulties, to issue 60-day licenses would require ultimately the reissuing or renewal of probably 75 per cent of licenses issued. Our licenses are normally issued now for 90 days except in cases of some few special commodities, and even in view of rationing difficulties, which we can appreciate, we think our licenses for northern neutrals should be in general for 90 days. We propose to send you weekly in pouch two copies of manifests of all vessels for northern neutrals.

LANSING

File No. 656.119/178b

The Secretary of State to the Minister in the Netherlands (Garrett)

[Telegram]

WASHINGTON, February 19, 1918, 7 p. m.

991. War Trade Board in agreement with British and French will, beginning February 20, consider applications for licenses to export to Sweden and Holland certain commodities, a list of which we understand has been furnished you by American Embassy, London.

LANSING

File No. 600.119/521

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, February 20, 1918, 7 p. m.

6649. Referring your 8670, February 14, 11 p. m. Cannot see how Sheldon can be burdened with detail involved in statistical sub-committee of Blockade Council, as your cable seems to indicate. Will send statistician to London to represent us on that body if you so desire.

LANSING

File No. 763.72112/7055

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, February 20, 1918, 9 p. m.

[Received 10.50 p. m.]

8747. From Crosby [for the Secretary of the Treasury]:

No. 84. Sir Adam Block, representing the Blockade Department of the British Government, and M. Hombert, representing the French

Government, have agreed upon the draft quoted below, regarding the proposed extension of the financial blockade. Plan which awaits approval British Treasury officials is that this notice be published simultaneously in the official journals of the United States, Brazil, France, Great Britain, and Italy, and a printed copy accompanied by a proper note be handed in the capital of each Allied country to the diplomatic representatives of all neutral countries. We have also suggested that, promptly after publication of the notice in Allied capitals, a notice should be cabled to the capital of each important neutral country with instructions that notices should be printed and mailed to all banks of that country who are supposed to have dealings in foreign exchange, and also to cause publication in news columns of local papers. The plan is to prepare a white list of neutral banks who accept conditions, with the expectation that after the lapse of an appropriate time the banks of the nations joining in the notice will be instructed by the Governments of their respective countries to confine their dealings to such banks. A reasonable time will doubtless be allowed for further banks to come in under the arrangement after being notified by their American correspondent that their names do not appear on the white list of approved banks. The question is raised as to whether you would prefer the banks in South American countries to send notification of acceptance to some agency in New York. We have proceeded on the assumption that for convenience and other particular reasons [you would?] be quite willing that the control of this machinery should be centered in London. The following is the form of notice:

The Governments of the United States, France, Brazil, Great Britain and Italy have decided it may become inexpedient for banking houses in their respective territories to contain [*sic*] which engages directly or indirectly in—

- [1] The purchase from or sale to any enemy of any of the said five countries of the currency of any of the said five countries or of any country allied to them or of any other neutral country;
- [2] The transfer of money, credit or securities between an enemy of any of the said five countries and any country allied to them or any other neutral country;
- [3] The purchase from, or sale on behalf of, or acceptance as collateral for a loan or credit to an enemy of any of the said five countries, of any bond or certificate issued by the Government of, or by any corporation or company in any of the said five countries or country allied to them; or of any divided warrant or coupon payable in any of the said five countries or country allied to them; or of any note, bill, check or draft payable in any of the said five countries or any country allied to them;

- (4) The collection, discounting or negotiation on behalf of an enemy of any of the said five countries, of any bond, note, bill, check, draft, dividend warrant, or coupon payable in any of the said five countries or country allied to them;
- (5) The transmission of any document, letter, message or advice of any kind by any means whatever between an enemy of any of the said five countries and countries allied to them or any neutral country.

In each and every case "enemy" for this purpose includes not only any enemy Government and any person, firm or company domiciled in the country of an enemy, or in territory occupied by an enemy, but also any person, firm or company wheresoever domiciled with whom the subjects of any of the said five countries are forbidden to have dealings.

The Governments, therefore, of the United States of America, Brazil, France, Great Britain and Italy hold themselves at liberty to direct their respective subjects to discontinue all intercourse direct or indirect with any banking house in a neutral country from which any intimation by (date) to the effect that it will as from that date abstain entirely from participation in any of the above-mentioned transactions. It will be observed that election by a banking house in a neutral country to continue banking relations with the United States of America, Brazil, France, Great Britain and Italy in accordance with this notice, does not involve the termination of banking relations with enemy countries, as a banking house in a neutral country making such election would be free to continue all financial operations direct between such neutral country and enemy countries which are necessary for the financing of trade between that neutral country and enemy countries. A banking house in a neutral country making the election herein offered would simply have to give up such business with or concerning enemy countries as either involved another neutral country, or relates to securities or financial paper of any of the said five countries in order to minimize the trouble and expense which the sending of such intimation to individual banking correspondents in the five countries would entail upon them. Banking houses in neutral countries should intimate telegraphically before (date) direct to the Secretary Bankers Clearing House, Post Office Court, Lombard Street, London, E. C. 3, their desire to continue subject to the above conditions relations with subjects of any of the said five countries.

Such telegraphic intimation, which should be confirmed by letter, should be worded "desire continue relations," be addressed Cicala, London.

An intimation given by the head office of a banking house in a neutral country will be understood to apply to all its branches which need not therefore send separate telegrams.

By banking houses is meant any person, firm or institution engaged in and—or [*sic*] foreign exchange business.

It is understood that any banking house in a neutral country giving the suggested intimation will take all reasonable precautions on its own behalf to safeguard it from being involved in the above-mentioned transactions by third parties under the guise of commercial operations, etc.

The only action asked of you now is your approval or suggestions respecting form of notice and proposed procedure. Crosby.

PAGE

File No. 658.119/234a

The Secretary of State to the Minister in Sweden (Morris)

[Telegram]

WASHINGTON, February 21, 1918, 7 p. m.

559. Formal announcement was made here on morning of February 20 of relaxation of embargo against Sweden and Holland, giving articles, exportation of which would be permitted. Prospective exporters were instructed that their importer must first notify you of their intention to import and then apply for export license from War Trade Board, and that no British letters of assurance would be issued. The comprehensive plan for the elimination of navicerts, a copy of which you presumably have received from Sheldon, is thus being put into effect. In accordance with that plan you will cable Sheldon of proposed imports and he will notify London Contraband Committee. The War Trade Board, prior to issuing export licenses, will cable Sheldon for recommendation of Contraband Committee.

LANSING

File No. 600.119/561

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, March 1, 1918, 10 p. m.

[Received March 1, 7 p. m.]

8865. War Trade Board [from Sheldon]:

No. 216. Your 113.¹ Article 2. You mention representatives in northern neutrals of United States and Great Britain only. Is it not your intention that these local joint committees shall comprise also French and Italian representatives and that the joint plan as per your 113 shall later apply to all the Allies rather than just Great Britain and the United States? I should strongly approve extending it to the four cobelligerents. Section 6. Do you intend me to become officially a member of the existing Contraband Committee? Your reference to this in section 7 leads me to think that you do. I should recommend that an inter-Allied blockade committee be set up as soon as possible, but would suggest that it be called, say, inter-Allied export control committee as a more palatable name to the northern neutrals. The Foreign Office agree to the general plan outlined in your No. 113.

PAGE

¹ Ante, p. 963.

File No. 600.119/565

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, March 4, 1918, 9 p. m.

[Received March 4, 7.25 p. m.]

8891. War Trade Board [from Sheldon]:

No. 223 referring your No. 113. I believe we are now in complete agreement with the Foreign Office on the plan proposed and are ready to have you put the system in operation. It has been suggested that paragraph 3 of your 113 might be changed to advantage in the following way. The buyer would submit applications in duplicate for a permit from trading organization, one of these applications would be immediately handed to the local joint committee which would be in close contact with the trading organization, going over suitable cases might decide the trading organization not to issue the permit in case the local joint committee felt that it could not eventually approve the permit. In the past the permits have usually been forwarded by the trading organization direct to the London contraband committee. I think this might be continued rather than have a local joint committee act as a post office for this purpose, always provided the joint committee were posted on the fact that the permit had been granted. Please advise as to whether you approve this suggestion.

PAGE

File No. 103.96/321

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, March 6, 1918, 11 a. m.

[Received 12.20 p. m.]

8908. War Trade Board [from Sheldon]:

No. 233. Your 99.¹ Foreign Office state they have telegraphed Embassy, Washington, concurring in scheme arranged between yourselves and their Embassy under which call at Halifax, with a saving as to special directions in any particular case, is to be eliminated for vessels examined at New York.

PAGE

File No. 600.119/561

The Acting Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, March 6, 1918, 7 p. m.

6781. For Sheldon [from War Trade Board]:

No. 169. Embassy's No. 8865, your No. 216, March 1, 10 p. m. We agree that local joint committees should include representatives

¹ Ante, p. 957.

of French and Italian Governments. The British Embassy is in accord with this plan. If Foreign Office likewise agrees, please advise us, and we will instruct Legations at Holland, Sweden, Norway, and Denmark accordingly.

It was not our thought to disturb the existing status of Contraband Committee with Frothingham as War Trade Board representative on it. Our feeling is that you, as principal representative of Board in London, could not afford to sit on this Contraband Committee which, as we see it, must in a sense be a subsidiary committee on which we should have a representative, but who should be under your direction.

In reference to inter-Allied export control committee which you propose, please advise in greater detail as to precise functions which in your opinion this committee would have. Your earlier statement concerning this committee seems to us to indicate that it might duplicate somewhat work of Contraband Committee.

POLK

File No. 600.119/565

The Acting Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, March 7, 1918, 6 p. m.

6796. For Sheldon [from War Trade Board]:

No. 175. Embassy's No. 8891, your No. 223, March 4, 9 p. m. We approve of your suggestion as to modifying paragraph 3 of our 113. If this method of handling applications to import in northern European neutrals is finally agreed to in London, please inform our Legations in Holland, Norway, Sweden, and Denmark, and advise us that you have done so. It was our intention and we still feel that considerable latitude should be left the local joint committees in developing the most efficacious method of handling import applications, and that probably different methods would have to be adopted in the different countries.

POLK

File No. 600.119/603b

The Acting Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, March 7, 1918, 6 p. m.

6797. For Sheldon [from War Trade Board]:

No. 165. Supplementing and amending Nos. 113 and 154.¹ We proposed issuing with discretion "Z" licenses without reference to London for:

¹ The latter not printed.

- (a) Reasonable quantities of any commodities for the Diplomatic, Consular, Army and Navy officials of the United States and of any friendly country;
- (b) Personal effects, household goods, and other small articles of personal property of similar character;
- (c) Samples of commodities of all kinds including commodities that may be on the embargo list providing they are of no commercial value;
- (d) Articles of small value used solely for advertising purposes, provided they are consigned to the American Consul at point of destination for purpose of censorship;
- (e) Foodstuffs consigned to the citizens of the United States and the Allied countries sojourning abroad, not exceeding \$20 in value for any one shipment.

It is proposed to issue these "Z" licenses only in exceptional cases. We propose issuing such licenses immediately. We have consulted the British Embassy, who have agreed, subject to approval from the Foreign Office.

POLK

File No. 103.96/332

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, March 9, 1918, 11 a. m.

[Received 6.17 p. m.]

1124. For War Trade Board:

Does vessel from Spain to America via Panama Canal, not stopping at Canal ports, have to subject itself to jurisdiction of Board? If so, what must owners do? Please instruct. Chadbourne.

[WILLARD]

File No. 103.96/332

The Acting Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, March 13, 1918, 8 p. m.

957. For Chadbourne [from War Trade Board]:

No. 4. Embassy's 1124, March 9, 11 a. m. United States of course claims jurisdiction of boats Canal Zone. Ordinarily exercised by this Board where bunkers or supplies requested or Trading with the Enemy Act involved, but our jurisdiction might be invoked respecting cargoes if needed by United States. Do not understand what you mean by your question, "What must owners do?"

POLK

File No. 600.119/549

*The Secretary of State to the Italian Ambassador
(Macchi di Cellere)*

The Secretary of State presents his compliments to His Excellency the Italian Ambassador and has the honor to acknowledge the receipt of the Italian Embassy's memorandum of February 21¹ in which it is pointed out that, in the matter of the negotiations between the Allies and the Scandinavian countries (Norway, Sweden and Denmark) and the Netherlands, the Government of Great Britain has proposed that the existing embargo imposed upon all exports to the above named countries be lifted for certain categories of goods which are not of interest in the prosecution of the war, while on the other hand their exportation might exercise a favorable action upon the exchanges.

The memorandum states that the Italian Government will greatly appreciate the giving of careful consideration to this matter and suggests the advisability of consenting to the proposal made by the British Government for the better interest of all parties concerned.

The matter has been under consideration by the War Trade Board and on February 18 that Board decided to relax the embargo as to "non-essentials" so far as Sweden and the Netherlands are concerned on and after February 20, 1918. This follows the British suggestions. The War Trade Board, however, does not consider it expedient just at this time to relax the existing embargo so far as Norway and Denmark are concerned.

Should the Board decide later on any further relaxation of the embargo, the Secretary of State will take great pleasure in advising the Italian Ambassador.

WASHINGTON, *March 14, 1918.*

File No. 600.119/620

*The Commercial Adviser of the British Embassy (Crawford) to the
Counselor for the Department of State (Polk)*

WASHINGTON, *March 18, 1918.*

[*Received March 19.*]

DEAR MR. POLK: I enclose herewith copy of a letter which I have today addressed to Mr. McCormick, and on which I shall be very glad to have your opinion.

Yours sincerely,

RICHARD CRAWFORD

¹ Not printed.

[Enclosure]

*The Secretary of the British Embassy (Percy) to the Chairman of
the War Trade Board (McCormick)*

March 18, 1918.

DEAR MR. MCCORMICK: We are instructed by the Foreign Office to put before you the following very important problem of general policy with regard to neutrals.

In the present abnormal conditions of trade neutral countries are taking steps to exact an artificial price from belligerents for commodities which they are in a favourable position to supply. Sometimes the neutrals do this by fixing export prices, sometimes by the imposition of export duties.

Germany has dealt with this tendency with considerable success for some time past in her negotiations with Holland and the Scandinavian countries. Her procedure has been to fix a high price for the goods which she offers to export to those countries in return for concessions and then to treat the reduction of this price as a concession in return for which the neutral country has to concede further advantages, especially in the form of loans.

You may remember that last autumn I brought Mr. Blackett and Mr. Keynes of the British Treasury to a meeting of the Board, and Mr. Keynes then raised this question pointing out the success which Germany had met with.

The commodities in respect of which we are at the present moment under pressure from neutral countries are Dutch flax seed and Danish butter. Other cases will probably shortly arise. In order to meet this situation we feel that some scheme should be devised, if, and when, the various agreements with neutral countries are concluded, whereby the Associated Governments will be in a position to raise the price of some commodities, particularly commodities of which we control the supply and which the neutral countries in question urgently require. We shall then be in a strong position to bargain against any action on the part of neutrals, such as is described above.

Owing to our present state of supplies in England, coal is probably the only article to which we could, at present, effectively apply the proposed principle, and, as Germany can still supply coal to Holland, Denmark and Sweden, the value of this lever is somewhat problematical. In the case of other articles, we shall be able to do very little without your co-operation. If you would be prepared to support us we feel that in practise it would very likely be unnecessary actually to put into effect any scheme of artificial price-fixing of certain commodities exported to neutrals as the neutral Govern-

ments would probably lower their price when once they saw that our two Governments were in agreement over the principle involved and intended to apply it.

You will probably be in a position to control export prices in the case of all articles falling under the control of the Food Administration and this in itself would be a very powerful lever. I do not know how you stand with regard to other articles.

If you would let me know whether you approve of these proposals in principle our Government would then put forward suggestions as to machinery.

Yours very truly,

E. PERCY

Establishment of the Allied Blockade Committee at London, March 15, and of Inter-Allied Trade Committees in Neutral Countries; Participation of the United States—Relaxation of the Embargo on Nonessential Articles for Denmark—Requirement of "Certificates of Interest" for Shipments from Neutral Countries—Rationing of Newsprint Paper to Latin American Countries

File No. 600.119/595

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, March 20, 1918, 11 p. m.

[Received March 20, 7.36 p. m.]

9147. War Trade Board, [from Sheldon]:

No. 314. Your No. 169.¹ Representatives of Great Britain, France, Italy, and myself met at Foreign Office with a view of facilitating exchange of views on blockade matters.² Decided to meet regularly once a week and to constitute ourselves into an Allied blockade committee under the chairmanship of Leverton Harris. Such committee would have no powers except as being the means of deciding blockade matters on which they had received specific instructions from their governments. The Contraband Committee would in no way be disturbed but, should it be in difficulties, could seek advice from the Allied Blockade Committee which could give decisions or the members could request instructions from their respective governments. So many matters are arising which it is not the province of the Contraband Committee or the War Trade Statistical Department to determine, that the need of this new committee is keenly felt. This committee is taking up in detail the subject matter of your No. (175?).³ I would call your attention in this connection to Morris

¹ *Ante*, p. 969.

² The first meeting, as recorded in the Committee's minutes, was on Mar. 15.

³ *Ante*, p. 970.

telegram 1620, March 5, 5 p. m.,¹ stating: "The local joint committee will report constantly to Allied ministers who will take such steps as they deem proper with the Swedish Government to carry out its recommendations." While undoubtedly the local joint committees should have considerable latitude in developing the most efficacious method of handling importations, I think in principle the Foreign Office agrees with me that they should not have the power to take any decisions outside the scope determined upon by the Allied Blockade Committee sitting in London. In other words the Allied Blockade Committee would occupy the same position regarding the northern neutrals that the Inter-Allied Committee in Paris occupies regarding Switzerland. Please consider foregoing and send me your approval or comments.

PAGE

Public Statement Issued by the War Trade Board, March 23, 1918²

[Extract]

Under the power conferred upon him by the Trading-with-the-Enemy Act, the President, on February 14, 1918, issued a proclamation which required an import license for all articles from all countries.³ The chief purpose of this was to enable this Government to eliminate less essential imports to the end that tonnage might be conserved, and additional shipping be made available for the transportation of troops and supplies to Europe. Similar steps have been found necessary by the Allies, and England particularly has found it necessary to impose most drastic import restrictions in order to most effectively devote her shipping to the successful prosecution of the war.

For many weeks past a corps of specialists have been giving the closest study as to the manner in which this import restriction would be exercised, so that the greatest saving could be accomplished with the least injury to our ordinary commercial activities. The question was still further complicated by the earnest desire of this Government to affect as little as possible the industry and commerce of the countries associated with us in the war, and to work as little hardship as possible to neutrals. The question involves close cooperation with the Shipping Board and consultation with the State Department, the Treasury Department, the Food Administration, and other branches of the Government, as well as the War Trade Board, within whose province falls the actual administration of the control. As a result of these deliberations, the War Trade Board, through its bureau of imports, publishes the first list of restricted imports.

¹ Not printed.

² *The Official Bulletin*, Washington, Mar. 23, 1918 (vol. 2, No. 265), p. 1.

³ *Ante*, p. 960.

Applications for license to import the articles appearing on the list will not be granted, except under the following circumstances:

- (1) When the articles mentioned are actually shipped from abroad prior to April 15, 1918.
- (2) When coming by rail from Mexico or Canada when the goods in question originated in those countries or in others from which such goods are being licensed for import.
- (3) When coming as a return cargo from European points and then only (a) when coming from a convenient port, (b) when loaded without delay, and (c) when the importation from Europe is not specifically prohibited in said list. . . .

The following is the list of restricted imports, No. 1:

[Here follows a list of 82 items.¹]

File No. 600.119/595

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, March 26, 1918, 8 p. m.

7036. For Sheldon [from War Trade Board]:

No. 248. Embassy No. 9147, March 20, 11 p. m. Your No. 314. The creation of Inter-Allied Blockade Committee with functions you indicate is approved. With reference to local joint committees, it is our view that their duties will be:

- (1) To arrange with local import organizations or with government so that joint committee will be promptly informed of all applications for import permits;
- (2) To advise such local import organizations as to action on applications in so far as such advice will be accepted;
- (3) To inform themselves [so] that they can intelligently make recommendations to Contraband Committee in London as to whether export licenses should be granted to correspond with such import permits as may have been issued;
- (4) To supervise informally the workings of local import organizations so as to determine whether these organizations are conforming to such undertakings against re-export, etc., as they may have given;
- (5) To study general trade conditions with a view to making recommendations as to methods by which the blockade of Germany may be made more effective and our influence with the neutral increased.

In carrying out (1), (2) and (4), we believe the local committee should have freedom of action under the advice of the local legations of Associated Governments. Recommendations under point (3) will be made direct to or for the Contraband Committee, London. Recom-

¹ Neither the list nor subsequent additions to it are printed.

mendations under point (5) will be made through respective legations to home foreign offices, which in turn would normally consult with Inter-Allied Blockade Committee, London.

LANSING

File No. 763.72112/7810

The Secretary of the Treasury (McAdoo) to the Secretary of State

WASHINGTON, March 28, 1918.

SIR: I beg leave to acknowledge receipt of your communication under date of March 19, transmitting a despatch from Ambassador Page at London, No. 8404, dated March 1, 1918, enclosing three alternative schemes for the extension of the financial blockade suggested in Mr. Crosby's telegram to the Treasury under date of February 20.¹

As you are aware, the financial blockade has not commended itself to this Department as a step to be taken at the present time, but Ambassador Page's communication will be held here until the time seems opportune for considering his suggestions in connection with the financial blockade.

In the meantime, I suggest that Ambassador Page's attention be directed to the Executive order of January 26, dealing with the regulation of exchange, and to the forms setting forth in detail the information which this Department is now obtaining in regard to financial transactions in the markets of the United States. Copies of these forms were sent to Mr. Crosby. The Ambassador will, I think, agree that the information thus obtained will be of great value in checking enemy transactions and in regulating the financial markets of this country.

By direction of the Secretary,

Very truly yours,

R. LEFFINGWELL

Assistant Secretary of the Treasury

File No. 600.119/493a suppl.

The Secretary of State to the Diplomatic and Consular Officers

[Circular telegram]

WASHINGTON, March 29, 1918, 6 p. m.

Instruct consular officers at seaports, your jurisdiction, to substitute following for circular telegram of January 30:²

Every vessel leaving United States ports on or after February 1, 1918, will carry copies of shipper's export declaration, manifest of cargo to be discharged at each port, bunker forms Nos. 7 and 2 which

¹ Telegram only is printed, *ante*, p. 965.

² *Ante*, p. 953.

master must deliver American consul on arrival at port and place in consul's possession all facts relating to cargoes, bunker fuel, ship's stores and voyage. Receive aforesaid documents and return them to master before clearance and report to Department all deliveries of cargo which fail to accord with shipper's export declaration or fulfill terms of bunker agreement with reasons therefor, but avoid interposing objection to or exercising control or supervision over loading, discharging or distribution of cargoes as indicated in bunker form No. 7 and be careful to avoid violations of local law.

LANSING

File No. 600.119/620

The Counselor for the Department of State (Polk) to the Commercial Adviser of the British Embassy (Crawford)

WASHINGTON, April 2, 1918.

MY DEAR SIR RICHARD: I beg to acknowledge the receipt of your note of March 18, 1918, enclosing a copy of a letter which you addressed to Mr. Vance McCormick in regard to steps which are being taken by neutral countries to exact artificial prices from belligerents for commodities which they are in a favorable position to supply.

In this connection I beg to inform you that, at a recent meeting of the War Trade Board, it was resolved, after a discussion of the question of the control of prices of exports to the northern neutrals, that until a detailed plan for putting such control into effect should have been submitted, that Board was not disposed to express any approval of the principle of the control of prices of exports.

I am [etc.]

FRANK L. POLK

File No. 600.119/613

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, April 2, 1918, 9 p. m.

[Received 9.27 p. m.]

9311. War Trade Board [from Sheldon]:

No. 365. Following is text of a communication that was cabled by the Foreign Office to the British ministers at The Hague, Copenhagen, Stockholm, and Christiania, for distribution to American, French, and Italian ministers, in each city:

The Allied Blockade Committee has been established here, with representatives of the United States, France, Italy, and Great Britain, to supervise, subject to directions of their Governments, general questions connected with blockade. Contraband Committee, which now contains Allied representatives, continues its functions unaltered except that it will refer all large questions of principle to A. B. C.

Two meetings of latter have already been held and constitution and functions of local joint trade committees in neutral capitals were considered. Constitution, machinery, and, therefore, committees will vary in the several capitals, the essential thing being that close cooperation between the four Allies on blockade matters should be insured.

While considerable latitude should be left to local committees, the general principle is that their function should be advisory and not executive, except to the extent that executive functions may be delegated by the A. B. C. in specific cases. More specifically, it will be the duty of the local committees:

- (1) To arrange with local import organizations or governments so that local committees will be promptly informed of all applications for import and to consult with local organizations should occasion arise;
- (2) To receive and transmit to the Contraband Committee in London all guarantees, with comments whenever desirable (present system in Denmark should, however, be maintained);
- (3) To watch the working of local import organizations and to report whether these organizations are conforming with undertakings against reexport, etc.;
- (4) To ascertain, in case the agreements are signed, that the goods which the Allies are entitled to receive are supplied in the quantities and at the times fixed;
- (5) To study general trade conditions with a view to making recommendations as to methods by which the blockade may be rendered more effective;
- (6) To investigate and report on all statistical questions, such as rations or embargoes, and also all questions concerning consignees or local trade conditions which may be referred to them.

Reports and communications of the local committees other than guarantees for Contraband Committee should be made to the several Allied ministers for transmission to Governments, and copies sent to representatives on Allied Blockade Committee.¹

Above represents general outline of transfer of functions from British legations to the local committees which will of course be effective with as little interference as possible with existing machinery. Their powers must, to some extent, depend upon agreements not yet completed. Please telegraph any comments or criticisms which your local committees may desire to make.

I have cabled our ministers in the four capitals mentioned. Please cable me any suggestions for alteration, but, if you approve as it stands, suggest you cable officially, notifying ministers matter has your approval.

PAGE

¹For further definition of the status of these inter-Allied trade committees, see telegram to the Ambassador in Great Britain, No. 1673, Sept. 28, *post*, p. 998.

File No. 600.119/613

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, April 8, 1918, 7 p. m.

7180. For Sheldon [from War Trade Board]:

307. Your No. 365. Embassy No. 9311, April 2, 9 p. m. We approve of the statement of the functions of local trade committee in northern European capitals as set out in Foreign Office communication which you quote. Our ministers at these capitals are being notified of this approval.

LANSING

File No. 657.119/450a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, April 16, 1918, 4 p. m.

7302. For Sheldon [from War Trade Board]:

No. 343. Will you please obtain through Allied Blockade Committee or otherwise, as you see fit, the views of Great Britain, France and Italy on extending to Norway and Denmark relaxation of embargo to the extent that this now obtains in the case of Holland and Sweden. We are disposed to recommend this as an advantage to the trade of the Associated Governments in these countries, which will benefit exchange and prevent enemy absorption of markets. We do not feel that to take this step would weaken our position in commercial negotiations with Norway and Denmark. In the case of Norway the agreement is so near ratification that a slight relaxation of embargo would not in our opinion effect the ultimate conclusion in any way. In the case of Denmark we regard it as doubtful whether any general agreement will be concluded, but that we may adopt the policy of limited and temporary exchanges of commodities. A slight relaxation of embargo against Denmark could therefore appropriately be adopted.

LANSING

File No. 763.72112A/861a

The Secretary of State to the Consular Officers in All Countries¹

No. 593

General Instructions
Consular

WASHINGTON, April 20, 1918.

GENTLEMEN: In the enforcement of the Enemy Trading Act and in the protection of the interests of the United States, it has been

¹The following circular telegram was sent, June 25, 1918, to consuls in Great Britain, France, Italy, and Japan: "Provisions of circular instruction 593 of April 20 do not apply to exports from the country to which you are accredited." (File No. 763.72112A/861a suppl.)

found to be of great importance to prevent enemies, or allies of enemies, either directly or indirectly, through the use of neutral or other persons or firms as cloaks to conceal the enemy, or ally of enemy, interest in merchandise shipped to the United States, and thus continue to trade in violation of the laws, proclamations, and regulations from time to time in force. The War Trade Board has, therefore, devised a plan by which it is proposed, through the issuance of "certificates of interest" by consular officers, to prevent the shipment to the United States of merchandise through such persons as may be acting as cloaks, and the collectors of customs at the various ports of the United States have been notified that in all cases of imports into the United States from foreign countries a "certificate of interest" must accompany each shipment (except those shipments in respect to which the importer has obtained an enemy trade license and filed it with the collector). Shipments not documented in one of the ways mentioned will be held by the collectors until the Bureau of Enemy Trade of the War Trade Board can be notified and make such investigation as circumstances may require.

You will exercise every proper effort to make the following regulations effective, but in doing so you should guard carefully against violating local laws or obstructing commerce or arousing local prejudice, and where it is very difficult to ascertain the facts in a given case, it is preferable to grant a "certificate of interest" for a shipment about which there may be some slight doubt rather than to clog the course of trade by a prolonged investigation.

IMPORTS

Consular officers will inform shippers that on and after June 15, 1918, consular invoices for shipments of merchandise into the United States will not be certified unless accompanied by a separate declaration (Form No. 232) by the manufacturer, owner, purchaser, or seller, or duly authorized agent of either, stating that no person who is an enemy, or an ally of enemy, of the United States, or with whom trading is prohibited under the laws, proclamations, or regulations for the time being in force in the United States, has any interest whatsoever direct or indirect in the merchandise. Before certifying invoices, accompanied by such declarations, consular officers will satisfy themselves from documentary or other proof of the correctness of the statements in the declarations. They will then certify the invoices and attach to the declarations (Form No. 232) a certificate (Form No. 234) showing that the officer has been convinced of the correctness of the declaration.

In the case of exports to the United States from Norway, Sweden, Denmark, the Netherlands, and Switzerland, the declarations and certificates should contain the additional statement that the merchandise was not manufactured or produced in enemy territory.

Shipments from these countries should be accompanied by Forms Nos. 233 and 235, in lieu of Forms Nos. 232 and 234.

No fee should be charged for issuing the "certificate of interest" when it is to accompany a shipment for which a consular invoice has been certified (Fee No. 1, Tariff of Consular Fees). In all other cases, however, a fee of \$1 will be charged (Fee No. 3, Tariff of Consular Fees).

It should be remembered that the foregoing regulation does not apply to shipments for which an enemy trade license has been issued by the War Trade Board. The statement of the shipper that a license has been issued is sufficient. It is not necessary to require the production of the license before certifying an invoice.

SHIPMENTS TO NEUTRAL COUNTRIES FROM NEUTRAL COUNTRIES IN AMERICAN BOTTOMS

Where American vessels, before accepting cargo for transportation from a neutral to another neutral country, insist upon the production by the shipper of a certificate from the American consular officer at the port to the effect that there is no enemy or ally of enemy interest in the merchandise to be transported the consular officer may issue a "certificate of interest" (Form No. 234 or No. 235, according to the country in which he is stationed) in triplicate upon submission to him of the declaration of the shipper (Form No. 232 or 233) in triplicate, after satisfying himself of the correctness of the statements therein. The original and duplicate of each declaration and "certificate of interest" should be delivered to the shipper and the triplicate should be filed in the consulate. A fee of \$1 (Tariff of Consular Fees, Fee No. 3) should be collected for the service.

FINANCING OF SHIPMENTS OF MERCHANDISE FROM NEUTRAL COUNTRIES TO NEUTRAL COUNTRIES BY BRANCHES OF UNITED STATES BANKS IN NEUTRAL COUNTRIES

In the event that American banks, having branches in neutral countries, when called upon to finance shipments to neutral countries from neutral countries, insist upon a declaration from the shipper, accompanied by a certificate from the proper consular officer, of the absence of enemy or ally of enemy interest in the shipment, the procedure outlined in the foregoing paragraph may be followed and a fee of \$1 collected for the service. If, however, a declaration and "certificate of interest" has already been issued in accordance with the preceding paragraph, an additional copy of each may be issued for the use of the bank without additional charge.

SHIPMENTS FROM NEUTRAL COUNTRIES TO NEUTRAL COUNTRIES IN
NEUTRAL BOTTOMS

Consular officers should exert every effort to watch shipments of merchandise from neutral countries to neutral countries in neutral ships, and whenever it is learned that a neutral ship is carrying merchandise in which there is an enemy or ally of enemy interest, or accepting shipments made through persons acting as cloaks for enemy or ally of enemy firms, prompt notification should be forwarded to the Department for the War Trade Board, giving the name of the ship, the name of the owners, and other pertinent information.

MODE OF INVESTIGATION

As has already been stated in the second paragraph of this instruction, the purpose of the issuance of "certificates of interest" is to prevent enemies or allies of enemies either directly, or indirectly through the use of other firms as cloaks, from continuing to trade in violation of the laws, proclamations, or regulations from time to time in force in the United States. The Government relies upon you before granting certificates in accordance with this instruction, to satisfy yourselves fully of the absence of any such violation in respect of the shipments under consideration. To this end you are authorized to make such investigation, and to require the production of such documentary or other proof as may be necessary, keeping in mind, however, that, consistent with the purpose to be accomplished, this authority should be exercised without violating local law or arousing public prejudice and with as little interference as possible with the normal course of trade. In the execution of the foregoing instruction it is expected also that you will confer with and invite the cooperation of your British, French, Italian, and Belgian colleagues. Officers stationed in Switzerland will find it desirable to utilize, as far as practicable, the information and organization of the Société Suisse de Surveillance.

In the execution of the foregoing instruction, you will be guided until further orders by the Trading with the Enemy Act and the telegraphic circular instruction of September 14, 1917 (appended).¹

I am [etc.]

For the Secretary of State:

WILBUR J. CARR

¹ *Foreign Relations*, 1917, Supplement 2, vol. II, pp. 922-924.

File No. 657.119/422

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, April 23, 1918, 6 p. m.

[Received April 24, 3.25 a. m.]

9673. War Trade Board [from Sheldon]:

No. 471. Your 343, April 16, Department's 7302, and your 375, April 22, Department's 7369.¹ British, French, and Italian representatives are authorized to extend relaxation of embargo on non-essentials to Norway and Denmark and only await your approval to determine date on which to make same operative. Understand that possibility reopening negotiations with representatives of Denmark might make it inadvisable extend relaxation to Denmark at present but would inquire if you approve regarding Norway.²

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File No. 600.119/698

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, May 7, 1918, 6 p. m.

[Received May 8, 3.20 a. m.]

9920. War Trade Board [from Sheldon]:

No. 530. The A. B. C. has been approached by the Foreign Office to accept the principle of granting licenses in very special cases in countries where no agreements have yet been reached for commodities to be consigned to firms in neutral countries whose businesses have been very adversely affected by the general embargo, provided such firms were well known to be pro-Entente. It is suggested that the Allied joint trade committees in those countries prepare a list of such firms especially deserving of consideration and that each application for import license by such firms should be considered by the A. B. C. on its own merits. Licenses should be granted only (a) where required in pursuance of long established business relations, (b) would form valuable propaganda, (c) would not prejudice the political effect of the embargo, (d) where required by a firm who would undertake to cease connections with German suppliers and would place contracts in Entente countries binding them to those

¹The latter not printed.

²The reply of May 4, Department's No. 7570, War Trade Board's No. 428, states: "We have approved the extension of the relaxation of the embargo on non-essentials to Denmark. . . . Norway of course is not considered in this connection in view of the recent conclusion of the agreement with her." (File No. 657.119/422.)

countries for a prolonged period even after the war. It has been pointed out that the Associated Governments have done very little to assist firms who had remained steadfastly pro-Entente, whereas the Central Powers have very skillfully obtained much useful propaganda by granting similar privileges. It is pointed out that it is sufficient for a firm to be on the Allied black list for it to receive every encouragement from the Central Powers. While I am disposed to approve the principle above outlined, I have pointed out that in practice great care would have to be used to prevent the use of this practice for development of trade between neutral firms and those of one particular country among the Associated Governments and that the real criterion ought to be whether favorable propaganda would be produced by setting up the practice proposed. There will be a meeting of the A. B. C. to discuss this on the 12th instant and I should like to have your instructions before that date.

PAGE

File No. 600.119/698

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, May 10, 1918, 6 p. m.

7677. For Sheldon [from War Trade Board]:

No. 463. Your No. 530, Embassy 9920, May 7, 6 p. m. We are not inclined to view with favor the adoption of the principle that the embargo against northern neutrals should be generally relaxed in favor of pro-Ally firms, even under the restrictions set out in your cable. We feel that it would seriously weaken the force of our embargo since the receipt of staple commodities by a firm not only benefits that particular firm but increases the prosperity of the country as a whole, giving additional and profitable employment for capital and labor, and giving the public generally an opportunity to participate in the goods manufactured therefrom. We have, of course, already agreed to the principle of permitting imports of nonessentials so that the additional relaxation which is suggested would operate primarily to release essentials.

To adopt the plan you suggest would in our opinion be the practical lifting of the embargo, exports to be controlled by a white list rather than by a black list. We also feel that the creation of such a white list would be a very difficult problem and likely to create commercial jealousy among the Associated Governments. In particular we feel that it would be difficult to prevent American merchants from feeling that British merchants had far greater facilities

for presenting to A. B. C. their claims for right to trade with neutral concerns with whom they have heretofore had business relations. Unless, therefore, stronger arguments can be adduced than appear in your No. 530, we are disposed to oppose the adoption of the course therein suggested. We would prefer, if some further relaxation is deemed essential, that it take the form of an extension of non-essential list.

LANSING

File No. 600.119/757a

The Secretary of State to the Diplomatic Representatives in South American Countries

[Circular telegram]

WASHINGTON, May 15, 1918.

The War Trade Board on May 13 considered a request made by various interests in the United States that they prohibit entirely all exports of newsprint paper; and the Board adopted a resolution of the following tenor:

Whereas the War Trade Board firmly believe that it is of the utmost importance that newsprint paper be permitted to be exported in reasonable quantities to those newspapers and other publications in foreign countries which are engaged in the dissemination of accurate and unbiased information;

Resolved, that the War Trade Board hereby express their disapproval in principle of the proposal to prohibit entirely the exportation of newsprint paper from the United States.

You may give publicity to the above-quoted resolution and otherwise use it in such way as you may think proper to counteract any reports that the Government of the United States intends to withhold the supplies of paper required by newspapers in South American countries.

LANSING

File No. 659.119/292

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, May 22, 1918, 7 p. m.

7880. For Sheldon [from War Trade Board]:

No. 545. Embassy's 10120, your 602, May 17, 6 p. m.¹ We have announced today, effective immediately, the extension to Denmark of the relaxation of the embargo on the list of non-essentials now exportable to Holland and Sweden.

LANSING

¹ Not printed.

File No. 600.119/859b

*The Secretary of State to the Diplomatic Representatives in Certain Countries*¹

[Circular telegram]

WASHINGTON, May 25, 1918, 6 p. m.

In order to determine the indispensable amounts of newsprint paper required for approved newspapers and other publications in country to which you are accredited in view of the restrictions imposed by tonnage situation and by limited production of newsprint, please obtain from such newspapers for which you approve a supply of newsprint paper written statements covering the following data:

- (1) Average tonnage of newsprint paper consumed by publication during the years 1912, 1913, and 1914;
- (2) Ditto for 1915, 1916 and 1917; above figures to be divided to show country from which paper was imported;
- (3) Absolute minimum requirements for 1918;
- (4) Supply now on hand;
- (5) Amounts at present contracted for in United States;
- (6) Amounts at present contracted for elsewhere.

LANSING

File No. 763.72112A/2206a

*The Secretary of State to the Consular Officers in Certain Countries*²

[Circular telegram]

WASHINGTON, June 27, 1918, 7 p. m.

Referring to circular instruction No. 593, of April 20, 1918. In certifying to non-enemy origin of manufactured articles produced principally in neutral territory for importation into the United States or any of its dependencies the article will not be considered to have originated in enemy territory, although material from or labor within enemy territory has entered into its production, provided that the element of such enemy labor or material does not exceed 5 per cent of the value of the finished product. Where certificates are issued upon request for shipment from one neutral country to another, a 25 per cent enemy element is permissible. In all cases certificates should be issued by the consul stationed nearest to point of manufacture or production. The Department is aware that absolute precision in the determination of these percentages will not always be possible and in the application of this instruction authorizes you to follow the procedure set forth in the second paragraph of the circular instruction above mentioned.

LANSING

¹ Cuba and Central and South American countries (except Paraguay).² Denmark, Netherlands, Norway, Sweden, and Switzerland.

File No. 600.119/1026

*The French Deputy High Commissioner (Billy) to the
Secretary of State*

WASHINGTON, July 16, 1918.

[Received July 17.]

MR. SECRETARY: I am informed by my Government that German delegates arrived in Copenhagen on the 9th inst., for the purpose of negotiating a new commercial treaty, the present one expiring on the 31st of this month. Their intention is to make stipulations which will continue in effect after the war.

It would appear also that in the last German-Swiss treaty, of which you are no doubt cognizant, there are certain secret clauses which put Switzerland, economically and industrially, completely into the power of Germany, not only for the duration of the war, but also for after its cessation.

Likewise in the negotiations between Germany and Holland, the Germans are endeavouring to make arrangements for after the conclusion of peace. They have asked for an option on the products of Dutch colonies for a period extending over 5 years, also the cession to them of one out of every two vessels built in the Dutch ship-yards.

My Government is of the opinion that the undertakings of neutral Governments towards Germany, which would continue in effect after the war, cannot be accepted, and that we must inform them of this at once, explaining that at all events these undertakings must on no account be opposed to us; also that it is necessary even now, to take a stand on the subject, so as to put neutral countries in a position to oppose pressure from Germany on this point at least.

The French Government lays special stress on being informed, at the earliest convenience, of the attitude of the American Government on this subject. I would be very much obliged to you if you would kindly put me in a position to give them satisfaction.

Please accept [etc.]

BILLY

File No. 600.119/1094a

*The Acting Secretary of State to the Ambassador in Great
Britain (Page)*

[Telegram]

WASHINGTON, July 18, 1918, 7 p. m.

292. For Sheldon [from War Trade Board]:

No. 886. In numerous instances, the United States has furnished to European neutrals out of stocks in this country commodities which, except for the added time required for their transportation, could have been secured in South America and other countries. We are of the opinion that it would be proper for the United States to

request the countries who have drawn on the supplies of the United States to render to the United States a ship service which would be equivalent to the saving of tonnage which had been made possible by the action of the War Trade Board in permitting said countries to secure commodities from the United States rather than from more distant sources. Thus, Nordvall¹ has asked export licenses for coffee purchased and stored in the United States imported for United States consumption. This we have been unable to grant on account of our limited imports due to lack of tonnage, but with the object of showing our good will and accommodation, we offered to permit the export if Sweden from the ships allocated for her needs would replace the same. With the same object, we have offered Nordvall any other articles here that are of a similar character. It is understood, of course, that no action should be taken which would in any way be inconsistent with the terms or spirit of any outstanding agreements with the neutrals concerned.

We feel that the Allied Governments should adopt the same policy in contingencies of this nature. You are therefore authorized to discuss this matter with the British authorities and make the proper recommendation. Upon receipt of your reply expressing the English view, we will discuss the matter further with you and take it up with the other Allied Governments.

POLK

File No. 600.119/1095

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, August 2, 1918, 6 p. m.

[Received 6.35 p. m.]

810. War Trade Board [from Sheldon]:

No. 1156. Referring to your 886, Department's 292, July 17 [18], 7 p. m., Foreign Office think the principle announced is undoubtedly a sound one to which the Swedes should not take any objection. I have talked over the matter of coffee with Mr. Morris, our Minister at Stockholm, who is now in London, and learned from him that there is considerable dissatisfaction in Sweden owing to our unwillingness to permit unconditional export of coffee previously bought in the United States. I have pointed out to him that in the covering letter to the Swedish agreement,² paragraph 3 specifies a number of commodities which Sweden will be permitted to purchase in the United States and obtain export licenses according to rations. Some of these commodities are not indigenous to the United States and the Swedes never mentioned a desire to include coffee in this

¹ Swedish commercial delegate.

² *Post*, p. 1264.

list. I would suggest that if the Associated Governments come to an agreement in regard to asking payment at the par value of kroner for commodities purchased in any of the Associated countries, and so inform the Swedish and Norwegian Governments, as well as any other neutral with whom we have or may have an agreement [*sic*]. It would be appropriate to include therewith a statement of your plan mentioned in your 886. I think no objection would be taken to these principles if great care were taken in the wording of the announcement and the application of the principles, and I suggest that you take both these matters up with the other Allied Governments.

PAGE

File No. 658.119/560b

The Acting Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, August 9, 1918, 4 p. m.

687. For Sheldon [from War Trade Board]:

No. 1012. We are advised by the Swedish Legation that 2,462 bales of wool stored in Buenos Aires, consigned to the Swedish Wool Import Association, are covered by Handels Kommission Nos. 10833 to 10851 inclusive. We assume that the ship would not be allowed to leave Buenos Aires until the Inter-Allied Committee has approved licensing of this wool. As the ship will coal in an American port, it will be necessary for us to issue an export license, and we are in doubt as to whether or not we should cable the particulars of the cargo to you, giving you the numbers of the various import certificates, and hold the boat until you have replied, or whether it will be permissible simply to issue license covering her cargo, advising you by cable the details of the same and not awaiting your approval. The Swedish Legation can not understand why import numbers for this shipments [*sic*] were forwarded to them. Will your advice as to the disposition of this case cover all similar shipments from South America and other points where the boats stop at United States ports for bunkers?

POLK

File No. 658.119/561

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, August 12, 1918, 7 p. m.

[Received 10.10 p. m.]

1024. War Trade Board [from Sheldon]:

No. 1217. Department's 687, your 1012, August 9, 9 [4] p. m. We assume ship is *Helios*. It will only be necessary to issue United

States export license covering cargo, as Contraband Committee has cabled British Consul, Buenos Aires, *re* the lots approved and Consul will have certified manifest. Swedish Legation informed of numbers through mistake. In future cases export applications for shipment from Buenos Aires, Santos, Montevideo, Rio de Janeiro, Bahia, for Sweden will be submitted to Contraband Committee through newly established Swedish trade office in London. The Contraband Committee's approval will be cabled to British consul at port of shipment, who will certify to correctness of manifest. I suggest that similar certificates might be required from American consuls.

PAGE

Proposal for an Allied Blockade Committee at Paris Dealing with Spain and Switzerland; Disapproval by Great Britain—Joint Certification by British and American Consuls of Manifests of Neutral Ships Leaving South American Ports—Regulations Regarding the Routes and Cargoes of Sailing Ships—Proposed New Plan for the Routing of Neutral Ships to Examination Ports; Disapproval by the United States

File No. 600.119/1133

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, August 14, 1918, 12 noon.

[Received 6 p. m.]

4769. War Trade Board [from Taylor and McFadden]:

344. As A. E. F. forces increase month by month, their requirements of all characters of supplies correspondingly increase and, with a view to conservation of tonnage and in order to secure prompt deliveries, it is their policy to so far as possible secure their supplies, whether raw materials or manufactured articles, in Switzerland or Spain. There are seven distinct services of the A. E. F., each with its own independent purchasing department, and it has been the purpose of Colonel Dawes for the past few months to endeavor to co-ordinate the undertakings of these departments and same has now been satisfactorily accomplished. We are arranging to have regular meetings with the various purchasing officers of the various services of the A. E. F. in order that: first, purchases made or contemplated may be considered from various view points; second, in order that we may inform both you as well as your representatives in Spain, Switzerland, and Italy, of purchases made or contemplated to be made in these countries. The French Blockade Ministry recommend the organization of an inter-Allied blockade committee in Paris for the purpose of consideration of all blockade questions in connection with these neutrals. We agree with the suggestions of the Blockade Ministry for the reasons: first, the importance of the supplies to be secured from neutrals by A. E. F. can probably be more accurately determined from Paris than elsewhere; second, the information re-

ceived in Paris through French diplomatic service, other French official agencies, and also through representatives of A. E. F. in those countries is very comprehensive; third, as the French have important commercial interests in Switzerland and Spain, and as these countries are adjacent to France, therefore, they consider Paris to be the logical location for the consideration of inter-Allied blockade questions relative thereto; furthermore, the French stated that they were willing to recognize London as the proper locality for an inter-Allied blockade committee to consider all questions concerning northern neutrals and Holland, but they considered Paris to be the logical location for a corresponding committee to consider all blockade questions concerning Spain and Switzerland, and they hope in consequence thereof that British Government and War Trade Board will be willing to approve the organization of a committee of this character and for this purpose in Paris. We trust you will give this suggestion your most careful consideration as we think that through the medium of this character in Paris that same might be very helpful in the consideration of arriving at a common policy for the Associated Governments in connection with Spain. In this connection we desire to point out that now would be an opportune moment to create this committee for the reason that we understand radical changes are about to be made in connection with the personnel of the British Blockade Ministry. Taylor and McFadden.

SHARP

File No. 600.119/1158

The Ambassador in Great Britain (Page) to the Secretary of State
[Telegram]

LONDON, August 16, 1918, 7 p. m.

[Received 10.10 p. m.]

1155. War Trade Board [from Sheldon]:

No. 1251. Referring to Department's 292, your 886, July 18, 7 p. m., and Embassy's No. 810, our 1156, August 2, I have discussed the matter further with Foreign Office and their feeling is that a general policy such as is suggested applying to all non-indigenous goods would be a mistake, as it might be construed as a practice to secure additional tonnage for Allied service. The Foreign Office is in sympathy with the general object desired but would prefer that each case should be dealt with on its own merits. Where there is an actual or positive future shortage, the export license should be granted as a very special favor to the neutral concerned on the condition that quantity of commodity approved for export shall be replaced by the neutral. It is, of course, open to the United States, or any of the Allies, to say that they cannot spare any specific article on the

ground of home requirements and to refuse export licenses unless arrangements are made to replace the quantity exported. The reason for favoring the above plan as for a general policy applying to all non-indigenous articles, is the belief that our object will be attained without subjecting the Allies to hostile criticism.

PAGE

File No. 658.119/561

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, August 27, 1918, 7 p. m.

1008. For Sheldon [from War Trade Board]:

No. 1094. Your 1217, Embassy 1024, August 12, 7 p. m. We note procedure proposed by Contraband Committee relative to imports into Sweden from South America and that Contraband Committee approval will be cabled to British consul at port of shipment, who will certify correctness of manifests. We agree with your suggestion in so far as it implies that the Contraband Committee, which is an inter-Allied organization, should not utilize exclusively British consular service. We hesitate, however, to require a mere duplication of work through issuance of certificate by American consul similar to that to be issued by British consul. Would it be feasible to have a joint certificate issued or perhaps to have a territorial division so that in certain countries British consul will issue certificates and in other countries American consul. Such a procedure might, of course, involve objections on the part of French and Italian Governments. We attribute considerable importance to the local prestige which will accrue from the issuance of the consul's certificate and we would like your further suggestions, after considering our viewpoint as above expressed.

LANSING

File No. 763.72112/10403

The French High Commissioner (Tardieu) to the Assistant to the Counselor for the Department of State (Auchincloss)

No. 29891

WASHINGTON, August 31, 1918.

MY DEAR MR. COUNSELOR: Confirming my conversation with you, of August 29, I beg to state that I have been instructed by my Government to ascertain whether the American Government would be willing to appoint a representative to an inter-Allied blockade committee to be constituted in Paris for the discussion of economic questions relating to Spain and Switzerland.

This proposed committee would be on the same lines as the one at present existing in London for northern European neutrals.

My Government is of opinion that such an organization would materially strengthen and coordinate inter-Allied blockade action in Spain and Switzerland.

Believe me [etc.]

For the High Commissioner:

BILLY

File No. 658.119/596

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, September 3, 1918, 6 p. m.

[Received 7.15 p. m.]

1588. War Trade Board [from Sheldon]:

No. 1359. Department's 1008, August 27, 7 p. m., your 1094. I consider that joint certification of manifests of Scandinavian and Dutch vessels by British and American consuls at South American ports of departure will be best solution. Practice would be for A[llied] B[lockade] C[ommittee] to inform British and American consuls of Allied Blockade Committee's approval of cargo by telegram from London. On receipt of this approval British consul and American consul would jointly certify manifest.

Plan of territorial division not considered to be so practicable. Necessity for American certification of manifest is self-apparent in order that neutral vessels in question may be cleared from American ports of call with greatest expedition. American consular certification should be recognized by customs officials at American ports as authority to permit clearance without delay of additional reference of manifest to Washington. Upon receipt of your concurrence Foreign Office will telegraph British consuls confirming procedure and instructing them as to such joint action with American colleagues. At same time American consuls should be instructed by State Department.

PAGE

File No. 600.119/1191

The Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, September 17, 1918, 4 p. m.

5640. For McFadden [from War Trade Board]:

No. 296. Your 366, Embassy 4874, August 24, 12 p. m.¹ The War Trade Board is in favor of the creation of an inter-Allied committee in Paris, primarily to deal with Swiss affairs, but also to study the Spanish situation and to be in a position to deal with any aspects of

¹ Not printed.

the Spanish question which may be referred to it. If the British Government would appoint an able representative on this committee, it would doubtless greatly assist in a proper solution of Spanish questions. We are inclined to the view, however, that Spanish problems as a whole can best be solved through the creation of a strong inter-Allied organization in Madrid itself. We feel that such an organization in which the Associated Governments would repose confidence and to which they would confide responsibility would be in the best position to influence the Spanish Government and to secure the results desired by the Associated Governments. We are giving careful consideration to the development of this latter plan, but if in the meantime a Paris committee can be formed as suggested by you, the other proposal favored by us should not be allowed to defer the setting up of the Paris committee.

LANSING

File No. 600.119/1026

*The Secretary of State to the French Deputy High Commissioner
(Billy)*

WASHINGTON, September 17, 1918.

MY DEAR MR. DE BILLY: I acknowledge the receipt of your letter of July 16¹ in which you inform me that the French Government would be pleased to learn the attitude of this Government towards certain commercial treaties entered into between the Imperial German Government and some of the neutral governments and containing stipulations relative to trade after the war.

In reply, I beg to advise you that this Government is not at the present time prepared to define its attitude towards the treaties in question.

I am [etc.]

ROBERT LANSING

File No. 600.119/1369

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, September 20, 1918, 12 noon.

[Received 11.19 p. m.]

5135. War Trade Board [from McFadden]:

No. 432. Refer to your No. 296, Department's No. 5640, September 17. In reply thereto, we venture to point out the practical difficulties and objections in connection with the organization of a strong A. B. C. in Madrid: First, we do not think the British or

¹ *Ante*, p. 988.

French Blockade Ministries would agree to appoint official representatives of the character and with the authority required in order to make committee effective; second, on the other hand in the event of the A. B. C. sitting in Paris, the French Government would probably officially appoint their Blockade [Minister] or some other officer of the Government of corresponding authority, and under such circumstances we believe that the British sooner or later would be willing to appoint a suitable delegate if urged by the War Trade Board; third, furthermore, as the blockade policy and military exigencies are so closely related, particularly as applied to Spain, therefore, Paris appears to us to be the logical point to consider these questions, and we beg to observe that we are under the impression, judging from our correspondence, that the relation of blockade policy and A.E.F. military exigencies [is] not altogether appreciated in Madrid; fourth, judging by our official discussions, etc., with the Blockade Ministry during the past six months, we are of the impression that we will have no difficulty in agreeing with them as to policy not only in Switzerland, but also as to Spain, and we think they will be willing to subordinate their views to what may seem to be best in the military interests of the United States Government as regards blockade policy. In either of these countries, the organization of the A. B. C. they consider a matter of importance, and they and we are confident that by this means we will be able to obtain a common policy as regards these countries. We believe the wishes of the War Trade Board will be the dominating influence in the determination of blockade questions by a Paris A. B. C. McFadden.

[SHARP]

File No. 600.119/1095

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, *September 21, 1918, 5 p. m.*

1527. For Sheldon [from War Trade Board]:

No. 1253. Embassy's 810, August 2, 6 p. m., your 1156,¹ and supplementing Department's 292, July 18, 7 p. m., our 886.² We are in receipt of a letter from Hudson of the British Embassy setting forth the views of the British Government that it would not be advisable to apply the principle set forth in the two cablegrams referred to above in cases where the commodities had been purchased by a neutral country prior to the promulgation of restrictions upon the exportation of such commodities, and that, with respect to other non-indigenous articles, it would be advisable rather to consider each

¹ *Ante*, p. 989.

² *Ante*, p. 988.

case upon its merits than to announce formally a definite policy. We have adopted the views set forth in Mr. Hudson's letter.

LANSING

File No. 600.119/1429a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, September 27, 1918, 3 p. m.

1648. For Sheldon [from War Trade Board]:¹

No. 1282. For your confidential information. Following is text of cablegram despatched by the Navy Department to Admiral Sims:

Replying to your 4881, the Department's policy has in general been opposed to permitting unarmed steamers or sailing ships to proceed independently into European and North Atlantic waters. Whenever the danger is not considered great for any specific voyage and the cargo carried is such that it could not materially aid submarine operations or be transported by submarines if captured, it has been deemed advisable to make certain exceptions to this general policy. Thus, the War Trade Board, in the matter of the issuance of bunker licenses, has adopted rules in substance as follows:

1. No unarmed steamer will be permitted to proceed independently from any port of the United States or its possessions when her deck cargo consists wholly or in part of petroleum or its by-products, foodstuffs, brass and copper or other similar metals as such, when their voyages will necessitate navigating waters north of the latitude of Charleston, South Carolina.

2. No sailing vessel will be permitted to proceed from any port of the United States or its possessions, bound on any voyage to any port on the west coast of Africa north of Cape Palmas inclusive, to any European port, to any Mediterranean port, or to any port of an island in the Atlantic Ocean east of 30 degrees west longitude and north of 4 degrees north latitude. The foregoing, irrespective of the nature of the cargo.

3. No sailing vessel will be permitted to sail from any Atlantic or Gulf port of the United States, or its possessions, including sailings from any Pacific port through the Panama Canal, bound on any voyage whatsoever, when such vessel carries any quantity of petroleum or its by-products or foodstuffs as cargo unless such petroleum and its by-products and foodstuffs are so stowed in the hold of the vessel beneath cargo of a different nature, as to make it manifestly difficult for any submarine to remove such petroleum or its by-products or such foodstuffs.

4. No sailing vessel will be permitted to sail from any Atlantic or Gulf port of the United States, or its possessions, including sailings from any Pacific port through the Panama Canal, on any voyage whatsoever, with any quantity of brass, copper or other similar metals as such.

¹ See last paragraph for instruction to report to McFadden, W.T.B. representative at Paris.

As the result of special negotiations, the War Trade Board has adopted the following exceptions to the general rules stated above.

(a) Spanish sailing vessels will be permitted to traverse the danger zone *en route* to Spain, provided such vessels are fully loaded with no objectionable cargo as defined in 3 and 4 above.

(b) Portuguese sailing vessels will be permitted to traverse the danger zone *en route* to Portugal provided such vessels are fully loaded with no objectionable cargo as defined in 3 and 4 above.

(c) Sailing vessels carrying "safe-conducts" from the German Government will be permitted to sail from United States ports to Cette with cargoes destined to Switzerland, provided the cargoes of such vessels are unobjectionable as defined in 3 and 4 above.

In all cases where the vessels are permitted to proceed as outlined in the foregoing, a condition precedent to the granting of the bunker license is that no suspicion whatever is entertained against the masters or the crew of the vessels.

It is requested that an expression similar to the above be obtained from the Inter-Allied Maritime Transport Council and communicated to the Department by cable.

The cable was submitted to us before it was despatched and represents our attitude towards the question of sailing vessels. Repeat to McFadden and show to Stevens as confidential information.

LANSING

File No. 600.119/1440a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, *September 28, 1918, 2 p. m.*

1673. For Sheldon [from War Trade Board]:

No. 1294. The following is the text of a cable to Edwards¹ in reply to a cable from him indicating some uncertainty as to the status of the inter-Allied trade committee at The Hague and its relations to the ministers at The Hague and to A[llied] B[lockade] C[ommittee]:

Our understanding of the status of the inter-Allied trade committees² in northern neutrals is that these committees are in the nature of subcommittees of the War Trade Board and the similar blockade organizations of the Associated Governments. As such, these committees are not subordinate to or dependent upon A. B. C., London, neither are they committees of representatives of the ministers of the Associated Governments. The members of the inter-

¹ Commercial attaché and War Trade Board representative in the Netherlands.

² For the establishment of these committees, see telegram from the Ambassador in Great Britain, No. 9311, Apr. 2, *ante*, p. 978.

Allied trade committee are, of course, attached to legations and should work in closest possible harmony with minister. At the same time, we, with the approval of the State Department, retain for our representatives the right to communicate their views direct to the War Trade Board. Of course, such communications pass through the legation, giving the ministers an opportunity to present to the Department of State any points in which the ministers do not concur with the views of our representatives. It is also, of course, understood that no action should be taken by our representatives over an objection of a minister until the matter has been referred for decision to Washington. With reference to relations to A. B. C., these relations should also be of the closest character and it is expected that the inter-Allied trade committees, recognizing the central position of the Allied Blockade Committee, and its general oversight over entire northern neutral situation, will be inclined to concur in recommendations of A. B. C. At the same time the A. B. C. does not assume to direct inter-Allied trade committee or to compel acceptance of its views unless these are expressly concurred in by Associated Governments. The success of foreign organization as at present constituted depends largely upon close and friendly cooperation between A. B. C. and inter-Allied trade committees and we are happy to note that there is every indication that such a relationship now prevails.

LANSING

File No. 600.119/1429b

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, September 28, 1918, 3 p. m.

1674. The Department and the War Trade Board feel the importance of there being in Paris an inter-Allied blockade organization competent to study and make authoritative recommendations on Swiss blockade matters and to keep informed on Spanish matters so as to assist the Inter-Allied Trade Committee in Madrid, the importance of which committee it is thought should be materially increased, and to cooperate with the Allied armies in France in respect to their needs in Spain. It is regarded as important that some such effort should be made to secure uniformity of blockade policy with respect to Switzerland and Spain. The Government of the United States has accepted in principle the idea of the creation at Paris of an inter-Allied committee such as is above indicated. The success of any such committee, however, depends very largely upon its personnel, and the Government of the United States regards it as essential to the setting up of a satisfactory committee that the British Government should be prepared to delegate as its representative thereon a blockade official competent to rank with the French Minister of Blockade and with Mr. McFadden, the personal representative of the chairman of the War Trade Board. You will

present the Foreign Office the foregoing views and urge upon the Foreign Office their acceptance thereof. Please show to Sheldon a copy of this cable.

LANSING

File No. 600.119/1445a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, October 1, 1918, 7 p. m.

1727. For Sheldon [from War Trade Board]:

No. 1328. For your confidential information. Supplementing Department's 1648, September 27, 3 p. m., our 1282. Swedish sailing vessels will be permitted to traverse the danger zone *en route* to Sweden provided (1) that if any such vessel carry any quantity of petroleum or its by-products or foodstuffs as cargo, such petroleum and its by-products and foodstuffs must be so stowed in the hold of the vessel beneath cargo of a different nature as to make it manifestly difficult for any submarine to remove such petroleum or its by-products or foodstuffs, and provided (2) that no such vessel will be permitted to sail with any quantity of brass, copper, or other similar metals as such. Repeat to Owen as confidential information.

LANSING

File No. 600.119/1191 suppl.

*The Acting Secretary of State to the Ambassador in France
(Sharp)*

[Telegram]

WASHINGTON, October 12, 1918, 1 p. m.

5886. For McFadden [from War Trade Board]:

No. 369. Supplementing Department's 5640, September 17, 4 p. m., our 296. Following is the text of Dresel's 204 to us, Legation 5051, October 6, 9 a. m.

I venture to express serious misgivings which have arisen here in regard to constitution of an international blockade committee at Paris to deal exclusively or principally with Swiss affairs. The International Blockade [*International Commission*], the French Ambassador and the British Minister also share these doubts and if no [irrevocable] decision has been taken I should be glad to have opportunity to present their, my [*sic*] point of view on arrival at Washington.

Specific reasons of policy against action contemplated suggest themselves as follows:

1. The International Commission of Berne, which is the oldest of the commissions of the kind, has been in existence 14 months and has handled a larger amount of business than any other. It has permanent personnel and secretary, and its files,

registers and data are very considerable. With possible exception of black list and policy as to enemy houses, matters which are really outside its province, its decisions have been prompt and harmonious and the machinery has worked satisfactorily. [Serious?] complaints have not been heard so far as I am aware. The French and English representatives are efficient and diligent. Unless for the strongest possible reasons, I do not believe that at this late date, when the end of war seems in sight, it is at all necessary or advisable to make such change.

2. Paris committee would necessarily be [*sic*] and entail great and inconvenient increases of communications between here and Paris and constant visits here in order to keep in touch with local situation.

3. Plan will greatly diminish standing of Berne commission with Swiss Government. I am convinced that in these matters pressure to be effective should be applied locally, but since also real authority is taken from the commission here, it will have no influence with the Swiss and will become a mere information bureau.

4. If a committee is instituted in Paris for Switzerland, we see no reason why it should not also be applied to Spain. If Spanish committee is competent to handle these problems, it is not evident why this committee which has been dealing successfully for considerable time with blockade subjects is not still able to deal with them. However, if deemed advisable it could be strengthened.

In addition to above, I question seriously whether it is wise [to] centralize decisions in Paris where the views of the French Blockade Ministry will naturally have controlling weight, and I believe that a firm basis for impartial recommendations exists here.

We solicit your comments on the matters above set forth in order that we [may] discuss the matter in detail with him when he arrives.

POLK

File No. 600.119/16451

The Acting Secretary of State to the Chargé in Great Britain
(Laughlin)

[Telegram]

WASHINGTON, October 12, 1918, 1 p. m.

1956. For Sheldon [from War Trade Board]:

No. 1396. We are disturbed over the very considerable delay in receiving reports from the A. B. C. with reference to applications to export commodities to the northern neutrals. In the case of certain classes of goods, such as cotton goods, boots and shoes, etc., there has been a very great delay which has resulted in a large accumulation of applications covering commodities aggregating a very high value, which goods have already been purchased by the neutral importer. We think every effort should be made to secure prompt action to avoid the tying up of capital and the deterioration of goods pending

decision by A. B. C. We receive the impression from Taylor that this delay in part results from efforts of the A. B. C. to apportion the rations of the northern neutrals among the Associated Governments which are prepared to export the same. If so, this is directly contrary to the understanding under which we are referring these applications to London. Paragraph 8 of our No. 113, Department's 6617, February 18, 7 p. m.,¹ provides: "No attempt will be made to apportion rations among the several co-belligerents. Buyer will be entirely free to select his own market." Please investigate this matter and report to us as promptly as possible.

POLK

File No. 600.119/1507

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, October 16, 1918, 11 p. m.

[Received October 17, 10.21 a. m.]

5445. War Trade Board [from McFadden]:

No. 509, referring to Department's No. 5886, October 12, your No. 369. We had already received copy of same from Dresel and were greatly surprised to note his comments as regards the A[llied] B[lockade] C[ommittee], Paris, but as Berne had received copies of all cables exchanged between Washington and Paris relative to this subject, and as they had made no comment in connection therewith, we did not suppose they were opposed to our suggestion. The effectiveness and usefulness of the A. B. C., Paris, will depend upon whether or not the British Government will appoint a delegate whose recommendations in connection with blockade questions will have the confidence and respect of the British Blockade Ministry. Replying *seriatim* to the various objections contained in Berne's cable:

1. It would be the policy and purpose of the A. B. C., Paris, to confer and cooperate with the local A.B.C. at Berne and Madrid with the object of coordinating and making common recommendations to the blockade ministries or war trade departments of the various Associated Governments.

2. It would be purpose to [of] the A. B. C., Paris, to agree on policy with the local A. B. C.'s [at] Berne and Madrid on all blockade questions and then support their recommendations as made to the Foreign Offices of the Swiss and the Spanish Governments after same have been appointed to [approved by?] home Governments. In other words, it would be the policy of Paris to strengthen and not weaken the effectiveness and efficiency of the local A. B. C., Berne and Madrid.

3. As the delegates of the A. B. C., Paris, would be in personal contact with the French Blockade Minister and also with

¹Ante, p. 963.

the various services of the A. E. F., therefore data and information obtainable Paris should be to the advantage of and not to the disadvantage of the local A. B. C.'s. We have pointed out to Dresel as an example of value of Paris A. B. C. that we thought by means thereof a common policy might have been secured last summer, both as regards purchaser [*sic*] Austrian-German tonnage by Swiss, and also better understanding, etc., of Swiss cotton question. McFadden.

SHARP

File No. 763.721128a/90

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, October 16, 1918, 8 p. m.

[Received October 17, 6 p. m.]

2865. War Trade Board [from Sheldon]:

No. 1683. As a result of conference with the Foreign Office, British Admiralty, and the United States Navy representatives, the following memorandum was drawn up as a suggestion for a plan of examination of northern neutral vessels with a view of eliminating the call at Halifax. If you are prepared to approve the same and arrange for staff to examine cargoes at the ports mentioned in paragraph 12, the British will furnish representatives to work in conjunction with our staff at these ports in the same way as they now cooperate in the work at the port of New York. If this plan is agreed to,¹ I suggest that whatever facts in connection therewith are communicated to shipowners should be in the nature of an expression of the Associated Governments' desire to facilitate the movement of their ships, which would be in the nature of a concession, rather than any announcement or intimation be made that new rules were being issued to control neutral ships which might make such action seem comparable with the German safe-conduct system. The memorandum which has the approval of the United States Navy and the British Admiralty is as follows:

[1.] The question of examination of neutral vessels proceeding across the Atlantic to and from Scandinavian and Dutch ports has been receiving consideration and it is felt that the establishment of the United States Examination Service has in most cases rendered the call at a British examination port unnecessary as long as certain modifications are introduced in order to maintain the present procedure designed to control cargoes and passengers.

[2.] The present position is as follows:

(a) Westbound vessels, i. e., vessels from Holland and Scandinavia bound direct to the United States whose first port

¹ In considering this plan, the War Trade Board considered also a plan for examining in a port of Porto Rico or of the United States, Spanish vessels proceeding to or from Spain (War Trade Board Files).

of call is New York are not required to call at Halifax as the Joint Examination Service in New York is considered to be sufficient.

- (b) Westbound vessels not proceeding direct to New York are required to call at Halifax as before.
- (c) Eastbound vessels which load entirely at United States [ports] are not required to call at Halifax.
- (d) Eastbound vessels which load at other than United States ports are required to call at Halifax before proceeding to Europe.

[3.] If the vessels referred to in paragraphs 2(b) and 2(d) above are not to be required to call at Halifax in the future, it is considered necessary in order that the present machinery of the blockade should not be thrown out of gear that cooperation should be established between the Allied Blockade Committee, the Enemy Export Committee, and the Admiralty in London and the authorities charged with examination service in the United States ports. The general proposals are as follows, but before any steps taken the concurrence of the United States authorities is necessary.

4. The new system which it is necessary to introduce is as follows:

- (a) Westbound ships, steam or motor, to Atlantic ports other than United States, to call at Kingston, Jamaica, or United States examination port;
- (b) To West Indies, must call at Kingston unless calling at a United States examination port;
- (c) To the Pacific via Panama Canal, examination to be carried out at Panama or Colon;
- (d) To the Pacific via Cape Horn, must call at a United States examination port or Kingston, as in the case of vessels bound to Atlantic ports other than to United States;
- (e) To the United States, proceed direct to examination port;
- (f) Eastbound ships, steam or motor, from Pacific via Panama Canal, examination to be carried out at Colon, Kingston, or at a United States examination port;
- (g) From Atlantic port south of United States, or West Indies, or Pacific via Cape Horn, to call at a United States examination port or Kingston;
- (h) From United States in cases where the entire cargo has been loaded in the United States, to proceed direct from examination port.

In all cases last port of call must be an examination port. A list of the examination ports is given in paragraph 12. Sailing ships to call at Kingston, Halifax, or a named United States examination port, as they select.

5. In order that the present system of control of cargoes and passengers should be maintained it is proposed that at each of the examination ports a British officer should be appointed who would work in conjunction with the United States examination authorities, and these jointly would be charged with the duty of furnishing to the Allied Blockade Committee, the Enemy Exports Committee, and the Admiralty, the information these bodies require for blockade purposes.

6. The following procedure is proposed in the case of eastbound vessels [not?] wholly loaded in United States ports. It is considered desirable for statistical purposes that a copy of the manifest should be forwarded to London in case of eastbound vessels loading at other than United States ports. It is desired that any doubted points arising in connection with the examination should be referred to London and that in any case the vessel should not be cleared without concurrence from London.

7. The Allied Blockade Committee would then be able to arrange, as at present, that the cargo or item of the cargo should be withheld from delivery pending consideration of the manifests.

8. In cases where consideration is necessary, it may often be possible to release a vessel from examination [port] and allow her to proceed to United States bunkering port or to Halifax while her case is being considered.

9. In the case of all ships clearing from United States ports to Scandinavia and Holland, it is important that their names and date of sailing should be communicated to London in order that the patrols may be warned.

10. In case of westbound vessels, their names should be supplied by the Foreign Office to the representative of the War Trade Board in London, who will inform the United States authorities. The receipt of this information will imply that their cargo is in order, and on arrival all that is desired is that the manifests shall be checked by arrival certificates of origin and bills of lading and that a copy of the manifests and the original certificates of origin shall be returned to the secretary of the Allied Blockade Committee, London, so that it may be ascertained that the actual cargo agrees with that approved. As regards passengers, the British officer should communicate with Admiralty concerning any cases about which there is any doubt, and he will [be] able to furnish the United States examination officers with any information available here for the purpose of preserving the British control over passengers.

[11.] The examination base at Halifax will still be maintained, and ships engaged in the trans-Atlantic trade may, at any time, be ordered to call at that port and for such purposes diverted from their course, if necessary, without prejudice to the general provisions of this scheme.

12. Examination ports. The following are the United States ports at which it is proposed that the joint examination service should be introduced: New York, joint examination service already in existence; Philadelphia to cover Baltimore; Norfolk to cover Newport News; New Orleans to cover Gulf ports; Colon for vessels passing through Panama Canal.

LAUGHLIN

File No. 600.119/1602b

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, October 22, 1918, 2 p. m.

2340. For Sheldon [from War Trade Board]:

No. 1438. Referring to Department's 1648, September 27, 3 p.m., our 1282; Department's 1727, October 1, 7 p.m., our 1328;

Department's 1790, October 3, 7 p. m., our 1338.¹ War Trade Board has been allowing sailers under German safe-conduct to proceed to Cette with cargoes for Swiss, under condition that if cargoes included petroleum, petroleum by-products and foodstuffs, these commodities must be stored beneath other cargoes so as not to be easily reached. Board has now agreed, Navy consenting, on account of peculiarly difficult position of Swiss in regard to shipping, to remove previous cargo restrictions concerning storing of petroleum, by-products of petroleum, and foodstuffs on safe-conduct sailing boats in Swiss service. The prohibition concerning copper and similar metals still obtains. Awaiting your report on the cables set forth above, the Navy concurring, we are not permitting shipments of petroleum, by-products of petroleum, and foodstuffs aboard Swedish sailers. The prohibition against copper and similar cargoes aboard Swedish sailers still obtains. Danske Petroleum Co. wishes to use sailing tank bark *Astrid* to carry oil from United States to Denmark. Please also refer to our 1282, also our 1328,² also our 1338, concerning schooner *Charles de Rouvres*, asking you to confer with Sims, consult Transport Council, and cable recommendation. Pending your reply, must also withhold licenses from four French auxiliary sailers on Pacific coast with coal to Rio, thence to France. Prompt decision on general policy necessary in view approaching completion of some forty French schooners on Pacific coast. Urgently request you consult Transport Council at once and also have Sims consult Admiralty and other authorities involved, in order we may have full opinion on whole question of permitting sailing vessels under German safe-conduct and bound for northern neutrals to carry cargoes of mineral oil and foodstuffs as well as on case of French motor schooners. Delay causes hardship. Prompt reply would also strengthen our position in upholding practice of consulting Transport Council whenever possible.

LANSING

File No. 600.119/1550

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, October 25, 1918, 6 p. m.

[Received 10.45 p. m.]

3096. Your 1674, September 28, 3 p. m. The British Government reply as follows, but this answer should be read in conjunction with my 3031, October 23, 6 p. m.³

In reply, I have the honor to inform you that, as regards Switzerland, His Majesty's Government welcome any proposal which

¹ The last not printed.

² *Ante*, pp. 997, 1000.

³ Not printed.

would tend to increase effective cooperation between the Associated Governments in blockade matters. In particular they consider that the forthcoming negotiations for the renewal of the rationing agreement between the United States War Trade Board and Switzerland, of December 5 last¹ will afford an excellent opportunity of making that cooperation closer. It appears to His Majesty's Government advisable to make these negotiations the occasion of obtaining from Switzerland by concerted action such blockade and other economical concessions as the Associated Governments may require, and I understand that the French Government think it desirable that the negotiations should take place at Paris. His Majesty's Government share this view unless, indeed, the French Government should think Berne preferable as the scene of the negotiations, and His Majesty's Government will therefore be prepared, provided that the concurrence of the United States authorities can be obtained as regards the place where the negotiations should be held, to send a trustworthy representative to Paris to represent them in the discussions to be held there. Should this proposal mature, His Majesty's Government are inclined to think that by sending a trustworthy representative to Paris they will in effect be meeting the desire of the United States Government as expressed in your note under reply. Owing to the variety of the details involved, it will be necessary that practically all questions affecting the Swiss part of the blockade should come under the joint review of the Associated Governments in the course of the negotiations. In the opinion of His Majesty's Government, it should be a question reserved for future consideration whether the body of inter-Allied negotiators thus constituted at Paris should continue there in permanent session after the conclusion of the negotiations. A decision on that point must, His Majesty's Government think, depend partly on the way in which the situation develops and partly on the question whether or not the permanent International Rationing Commission at Paris can be considered as providing a framework for adequate machinery for reaching inter-Allied decisions on Swiss blockade matters. It is by no means clear to His Majesty's Government that the aim (which?) the United States Government has in view can not be (best) met by strengthening the personnel of that commission rather than by creating an entirely new body whose functions would to some extent inevitably overlap with those of the rationing commission. Before, however, expressing a definite opinion on that head, His Majesty's Government would prefer to await the reports of the special representative whom they will send to Paris if it should be decided to hold the negotiations there.

As regards Spain, I have the honor to inform you that the question whether His Majesty's Government should cooperate in setting up an inter-Allied bureau at Paris which would superintend the working of the inter-Allied purchasing body which already exists at Madrid, has been carefully examined on more than one occasion by the competent departments of His Majesty's Government. In this connection I have the honor to refer you to a letter written from this department to Mr. Sheldon on July 17 last and numbered

¹ *Foreign Relations*, 1917, Supplement 2, vol. II, pp. 1185-1196.

117257, and to inform you that after further examination of the question His Majesty's Government regret that they do not see their way to depart from the position outlined in that letter. They will, however, always be most willing to consider any special points on which the United States authorities may wish to obtain their co-operation in Spain.

For the guidance of the Department, I add that a copy of Foreign Office letter of July 17 was transmitted by Mr. Sheldon to War Trade Board on July 18, despatch No. 5135.¹

LAUGHLIN

File No. 600.119/1603

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, November 1, 1918, 8 p. m.

[Received 9.30 p. m.]

3318. War Trade Board [from Sheldon]:

No. 1786. Referring to your 1495, Department's 2434 of 26th.² Allied Maritime Transport Council write me as follows:

Supplementing my letter of 24th, the Allied Maritime Transport Council considers that the question of allowing sailing ships bound for northern neutrals sailing under German safe conducts to carry cargoes of food stuffs and mineral oil is one to be determined by the naval authorities. The Transport Council will agree to any recommendations in this matter made by the naval authorities. The War Trade Board cable No. 1438³ is not entirely clear to me. The intention of this letter is to cover all questions presented in that cable with regard to permitting sailing ships to proceed from America. The Council regards all these questions as questions to be determined by the naval authorities.

Admiral Sims writes as follows under November 1:

With respect to the advisability of allowing sailing ships and motor sailing ships bound for northern neutrals sailing under German safe conducts and carrying cargoes of foodstuffs and mineral oil, no objection is seen by the naval authorities to these vessels proceeding with cargoes of foodstuffs and mineral oil and coal respectively to their proposed destinations.

The foregoing statement from Sims does not cover the specific case of sailers proceeding to Cete for Switzerland nor to ports of our cobelligerents. I will try to obtain a further statement from Sims shortly.

LAUGHLIN

¹ Not printed; for a summary of this communication, see telegram No. 519, July 23, *post*, p. 1690.

² Not printed.

³ *Ante*, p. 1005.

File No. 103.96/1103

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, November 6, 1918, 7 p. m.

2661. For Sheldon [from War Trade Board]:

No. 1207. Embassy's 1588, September 3, your 1359. We approve of the plan set forth in your cablegram for the joint certification by British and American consuls in South American ports of departure of the manifests of vessels which proceed from South American ports to Scandinavia and Holland. When the plan shall have been made definitive and the British will have decided to instruct British consuls in South America, cable us in order that we [may] issue the necessary instructions to American consuls.

LANSING

File No. 600.119/1643

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, November 8, 1918.

[Received 3.30 p. m.]

3512. War Trade Board [from Sheldon]:

No. 1823. Referring to your 1438, Department's 2140 [2340], October 22, 2 p. m., and my 1741, Embassy's 3078, October 25, 12 noon.¹ I have to-day received the following from Admiral Sims.

The naval authorities concur in the exceptions made by the War Trade Board in its general policy and listed under the headings (a), (b), and (c), paragraph 4, of cable No. 1282,² together with the modification of item (c) given in War Trade Board cable No. 1438 of October 28 [22], 1918.

LAUGHLIN

File No. 600.119/1603

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, November 11, 1918, 8 p. m.

2746. For Sheldon [from War Trade Board]:

No. 1591. Embassy's 3318, November 1, 8 p. m., your 1786, supplementing Embassy's 3078, your 1741, October 25 noon.¹ We will permit the 40 motor schooners which have been, and are being, constructed on the Pacific Coast by the French Government to proceed to France if they sail in convoys and will arrange for the prompt departure in convoys for France from the Panama Canal of the motor schooners *Amiens*, *Democratique*, *Général Baratier*, and *Serret*.

¹ The latter not printed.² *Ante*, p. 997.

We refer you, in connection with the general matter of sailing vessels, to the cable from Sims to the Navy, his No. 8094, October 28.¹ We note from your 1786 and the cable from Sims that matters affecting the safety of ships at sea are not handled by the A[llied] M[aritime] T[ransport] C[ouncil]. We assume from your 1786 and the cablegram from Sims that there is no Allied body to which matters of this kind should be referred. In consequence, unless we hear from you to the contrary, we will adopt in this connection rules and regulations after consultation with our own Admiralty. Meantime, we will continue to operate with reference to sailing vessels in accordance with the regulations set forth in Department's 1648, September 27, 3 p. m., our 1282; Department's 1727, October 1, 7 p. m., our 1328; and in the first part of this cablegram. We will continue also to operate with reference to sailing vessels in accordance with the regulations set forth in Department's 2340, October 22, 2 p. m., our 1438, with this exception, to wit: that we will permit shipments of petroleum, by-products of petroleum, and foodstuffs, aboard Swedish sailers under the conditions specified in Department's 1727, October 1, 7 p. m., our 1328.

Referring to your 1786, please cable wherein our 1438 is lacking in clarity.

LANSING

File No. 763.721128a/116

*The Solicitor for the Department of State (Woolsey) to the Counselor
for the Department of State (Polk)*

November 11, 1918.

DEAR MR. POLK: I wish to call your attention to the yellow [telegram] from London, of October 16, and the proposed reply, in respect to routing vessels and examination of cargoes by the belligerents. I am not familiar with all of the developments in the situation, but I am familiar with the institution of the plan which is now being superseded. The present plan is set forth in paragraph 2 of the yellow, and was based upon our correspondence with Great Britain in respect to the diversion and examination of vessels in her ports while we were neutral. Under the old plan she continued to do this, and we took no part in it, on account of our position in the diplomatic correspondence. Under the new plan adopted with some modifications by the War Trade Board, the United States is integrated with the Allies in this matter. If it is adopted by the United States, our contentions while neutral, and the claims of American citizens admitted by us to be good at the time, are, it seems to me, cast aside.

¹ Not printed.

I doubt whether the Government as a matter of policy, or law, ought to or can invalidate such claims as may be good, by action of this kind. This was the view entertained by Mr. Anderson, when he considered the subject. Another objectionable feature is that the new plan proposed to have an examination port in the Panama Canal Zone—a procedure which I understood the Department had opposed consistently, inasmuch as it is clearly an exercise of belligerent rights in the Zone.

The new plan in substance proposes to set up examination ports in the United States, Panama Canal, or its other possessions, to which vessels not calling at the United States in the ordinary course are to be compelled to touch, for purpose of search. At each of these examination ports, the search is to be carried on jointly by the United States and British officers. These authorities are to furnish to the "Allied Blockade Committee, the Enemy Exports Committee, and the Admiralty, the information these bodies require for blockade purposes." The vessels are, in any case, not to be "cleared without concurrence from London."

It seems to me this matter is important enough to call to your special attention.

L. H. W[oolsey]

File No. 658.119/692

The Chargé in Great Britain (Laughlin) to the Secretary of State
[Telegram]

LONDON, undated.

[Received November 14, 1918, 7.48 p. m.]

3734. War Trade Board [from Sheldon]:

No. 1872. Your 1207, Department's 2661, November 6, 7 p. m. In accordance with your approval of joint certification plan, Foreign Office will telegraph following instructions to British consuls at Buenos Aires, Montevideo, Bahia, Santos, and Rio de Janeiro, under date of November 18.

In order to facilitate clearance of vessels calling for bunkers at U.S.A. ports on their way to Scandinavia and Holland, arrangements have been made with the W[ar] T[rade] B[oard] at Washington that particulars of proposed cargo should be communicated to their United States colleagues by British consul, and Foreign Office notification of cargo approved by the Allied Blockade Committee, at present telegraphed to them, to United States colleagues in order that the manifests may receive joint certification by representatives of both Governments. You should make arrangements with local shipping agents and communicate with your United States colleagues accordingly, similar instructions being sent by the United States Government.

Will you have State Department telegraph instructions in the same sense to American consuls at above ports effective November 18?

LAUGHLIN

File No. 600.119/1686a

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, November 15, 1918.

2826. For Sheldon [from War Trade Board]:

No. 1596. Department's 2661, our 1207, November 6, with reference to the joint certification by British and American consuls in South America, was prepared by us on September 13, but without our knowledge was held up in the Department, for consideration, until yesterday. In view of your subsequent cables in this connection, disregard our 1207. The following is text of circular cablegram dispatched by Department to American consuls in South America:

British consuls at South American ports of departure now certify manifests of Scandinavian and Dutch vessels proceeding from South America to Scandinavia and Holland. Henceforth such certification will be made jointly by British and American consuls, at ports where both countries have consular representatives and by the consular representative of either country at ports at which only one of these countries has a consular representative. You are authorized by Department to carry out such instructions in this connection as may be issued to you by the American Embassy at London.

We suggest that you dispatch a circular cable to American consuls at South American ports, explaining to them in detail the procedure to be followed and the functions to be performed by them. Such cablegram should be directed to the American consulates at Barranquilla, Colombia; Guayaquil, Ecuador; Callao-Lima, Peru; Valparaiso, Chile; Buenos Aires, Argentine; Montevideo, Uruguay; Rio de Janeiro, Brazil; Georgetown, British Guiana, with instructions to each to repeat to necessary consuls in their respective territories. Please furnish us with text such circular cable.

We assume that at ports at which both countries are not represented, manifests will be examined by the consular officer of the country that is represented.

LANSING

File No. 763.721128a/90

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, November 29, 1918, 6 p. m.

3114. For Sheldon [from War Trade Board]:

No. 1737. Embassy's 2865, October 16, 8 p. m., your 1683. Plan suggested does not meet with the approval of the Department. We

are now in consultation with Department with view to preparing a revised plan.

LANSING

BLACK LISTS OF NEUTRAL FIRMS

Efforts to Coordinate the American Enemy Trading List with the British Statutory List and the French General Black List—Agreement for Review of Evidence on Firms in Latin America at Washington, in Spain and Morocco (Switzerland and Greece Later Included) at Paris, and in Other European Countries and Possessions at London

File No. 763.72112/6526

The Commercial Adviser of the British Embassy (Crawford) to the Counselor for the Department of State (Polk)

WASHINGTON, December 31, 1917.

[Received January 2, 1918.]

MY DEAR POLK: With reference to our recent conversation regarding the desirability of bringing about substantial and, if possible, complete uniformity between the British statutory lists for Latin American countries and the United States enemy trading lists for those countries, I am glad to be able to acquaint you that the Foreign Office have agreed to our proposal that they should adopt the United States list for Mexico. The only omissions will consist of three firms, one of which is British and two of which were recommended some time ago by British representatives in Mexico as suitable agents for British houses in place of German firms formerly employed in that capacity.

We hope that even in the case of these three firms, an agreement will be reached in time to have the British statutory list for Mexico, which will be published on January 11, correspond exactly with yours.

I should add that British subjects are being enjoined to respect your Mexican list, with the above mentioned exceptions, from now on.

Yours sincerely,

RICHARD CRAWFORD

File No. 763.72112A/182b

The Secretary of State to the Diplomatic Representatives in Latin American Countries

[Circular telegram]

WASHINGTON, January 7, 1918.

Enemy trading list and all corrections, additions, removals are to be made public. You will take appropriate action and so instruct consuls your jurisdiction, furnishing them list and subsequent information.¹

LANSING

¹ In the telegrams to some of the countries notice of changes in the enemy trading list was included.

File No. 763.72112/6676

The Acting Secretary of State to the Consular Officers in Latin American Countries

[Circular telegram]

WASHINGTON, January 18, 1918, 8 p. m.

Decline to certify invoices for persons or firms whose names are on enemy trading list and for persons known to be acting as cloaks for said listed firms except where it is alleged that shipment is covered by license of War Trade Board. Sales of local branches of firms in United States to firms on enemy trading list are not to be objected to when alleged to have been duly licensed. All firms suspected of misrepresentation should be promptly reported. Like treatment should be accorded to firms alleging possession British or French [or Italian¹] license.

Notify all consular officials.

POLK

File No. 763.72112A/303

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, undated.

[Received January 20, 1918, 11.15 a. m.]

8327. For War Trade Board:

No. 49. Frothingham to Fuller.² Statutory list 41-A. No names have been added to Portugal list since July 1916 account Portugal status as ally. Foreign Trade Department inclined believe you would prefer omit Portugal entries on enemy trading list. For this reason understand they are considering discontinuance account continued representations Portugal Government. Please instruct whether you wish me review evidence this section. Believe you will find abstracts evidence against Spanish statutory list entries indefinite and in general unsatisfactory. In reviewing Spanish cases have found it necessary examine complete dossiers for nearly every entry. In marked contrast to border neutral evidence I find numerous cases rest on indefinite and circumstantial evidence, for which reason recommend following exceptions from Spanish list in 41-A, pages 77 to 91 inclusive.³ All other names are eligible American enemy trading list per evidence. . . .

PAGE

¹ Added in accordance with circular telegram of March 9, 1918 (File No. 763.72112/6676 Suppl.).

² Director of the Bureau of War Trade Intelligence.

³ List of exceptions not printed.

File No. 763.72112A/341

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, January 23, 1918, 3 p. m.

[Received 8 p. m.]

8362. War Trade Board [from Frothingham]:

No. 59. For Fuller. Foreign Trade Department suggests joint conference American, British, and French Ministers, Minister of Persia, to agree upon list of Persian enemy traders, American representative to be guided by your instructions in accepting or declining names. They feel that intimate knowledge local conditions essential and such local recommendations more effective than consideration of evidence at long range. They further feel that moral effect of publication such a Persian list by American Government is particularly desirable in supporting previous efforts British and French authorities in Persia regardless of negligible amount actual trade involved. If you approve proposal they will instruct their Minister in Teheran accordingly. Aside from case of Persia, Foreign Trade Department feels that this procedure might be desirable in Morocco, Liberia, and certain other African territories, also for moral effect. Await your views.

PAGE

File No. 763.72112/6557

The Acting Secretary of State to the Diplomatic and Consular Officers in All Countries

[Circular telegram]

WASHINGTON, January 29, 1918, 6 p. m.

Note and advise consular officers your jurisdiction that War Trade Board has granted general license authorizing trans-shipment in United States ports of all goods destined for Mexican, Central American and South American ports, which have been allowed to go forward by British, French or Italian authorities, even though consignees are on enemy trading list.

POLK

File No. 763.72112A/2734

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, February 1, 1918, 4 p. m.

6408. For Frothingham from Fuller:

Plan suggested yours January 23 re enemy trading list for Persia approved provided American representative is guided by our law and instructions already forwarded you.

LANSING

File No. 763.72112/8594

*The Director of the Bureau of War Trade Intelligence of the War Trade Board (Fuller) to Major Grimprel of the French High Commission*¹

WASHINGTON, February 19, 1918.

DEAR MAJOR GRIMPREL: I write to confirm the understanding reached by you, Mr. Broderick of the British Embassy, and myself concerning cooperation in making changes in the *liste noire générale*, the British statutory list, and the United States enemy trading list. That understanding covered the following points:

1. No changes will be made in the lists without a preliminary reference by the Government proposing the changes to the other two Governments. The notifications will be given by the Bureau of War Trade Intelligence to the French High Commission and the British Embassy in Washington and by either of the latter to the Bureau of War Trade Intelligence in Washington.

2. Changes mutually agreed upon will be published by the three Governments as nearly as practicable on the same dates.

3. Because of the greater familiarity of the British Government with war conditions in northern European countries, proposals for changes in the lists for Europe, excepting Spain and Switzerland, will be discussed in London. The decisions will be guided by the policy of the British Government in so far as they are compatible with the laws and regulations of France and the United States.

4. Proposals for changes in the lists for Spain and Morocco will be discussed in Paris by representatives of the three Governments. The decisions will be guided by policies recommended by the French Government in so far as they are compatible with the laws and regulations of Great Britain and of the United States.

5. The United States will not publish an enemy trading list for Switzerland.

6. Proposals for changes in the lists for Latin America will be discussed in Washington. The decisions will be guided by the policies of the United States in so far as they are compatible with French and British laws and regulations, respectively.

7. In preparing an enemy trading list for European countries, excepting Spain and Switzerland, the United States Bureau of War Trade Intelligence has conferred, through its representative, with representatives of the British Government in London and with the British Embassy in Washington.

8. Similarly we have conferred with you in preparing our enemy trading list for Spain and Morocco and have convinced ourselves that every name on the *liste noire générale* for these countries should be placed upon the enemy trading list under our laws and regulations. Therefore, our revised list, which is now nearly ready for the printer, will correspond exactly with the *liste noire générale* as far as Spain and Morocco are concerned.

¹ The same, *mutatis mutandis*, to the Assistant Commercial Adviser of the British Embassy (Broderick). Letter of transmittal from the War Trade Board to the Department of State not printed.

9. The *liste noire générale*, the British statutory list, and the enemy trading list for Latin America now are under process of amendment in pursuance of the principles of our understanding.

10. Certain details of procedure are to be defined in later communications between us.

If I have stated our understanding correctly I should appreciate a written acknowledgment.

Yours very sincerely,

[FULLER]

File No. 763.72112/7018

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, February 19, 1918, 11 a. m.

[Received 4.32 p. m.]

3214. Note received from Foreign Office stating that it attaches great importance to closer cooperation among principal Allies in preparing, establishing, and applying black list and in order to avoid delays in exchange of communications between these Governments it desires that an American, French, and English representative be designated in each capital to discuss with competent services all questions relating to the black list. The French Government requests, in case proposition is adopted, that a member of Embassy be designated to enter into direct relations with service of black lists of Ministry of Blockade. I would appreciate being informed of reply which I may make. Foreign Office note follows by next pouch.

SHARP

File No. 763.72112/7040

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, February 20, 1918, 7 p. m.

[Received February 21, 1.33 a. m.]

8745. War Trade Board:

No. 183. Fuller from Frothingham. Together with French and Italian representatives, attended informal conference called by Foreign Trade Department of Foreign Office to discuss coordination of published black lists by respective Governments per proposals made you through British Embassy for concurrent consideration of evidence against any firm proposed for statutory list by British, French, Italian, and American Ministers in each country. Conference reached informal agreement as to desirability and effectiveness of such coordinated local action to be followed by final review of Latin-American evidence in Washington, European evidence in London,

possibly Spanish evidence in Paris, before actual publication of agreed-upon enemy traders. Italian representative favored local consideration of evidence against black-list cases in addition to statutory-list cases. Proposition, although commended in principle, was felt to be secondary to the coordination of official published lists and was set aside for later discussion. I understand unofficially that Foreign Office prefers Spanish cases should be reviewed in London as at present before actual publication, instead of in Paris as proposed by the French. This with idea of centralizing review control in Washington and London if possible. However, probably will not insist if French press the matter.

Personally believe London feels reluctant to cede Spanish affairs to Paris account lack of full confidence in evidence on Spanish cases presented by French sources in the past.

Personally consider this detail of minor importance from our viewpoint, in view initial consideration by American representative in Spain, under the guidance of enemy trading rules of evidence from War Trade Board. Request for my guidance in future discussion you advise me your views as to first proposed local conference by respective ministers on evidence against enemy traders with consequent recommendation seclusion proposed review of such cases at Washington and London, possibly Paris, before publication. Assuming you concur with above proposals, would it not be desirable have American Ministers in Norway, Sweden, Denmark, Holland, Spain, and Greece, respectively, transmit their recommendations together with supporting evidence direct to War Trade Board Office, London, for preliminary examination here and immediate despatch to Washington. Such operation would facilitate review work in proposal to above, would insure verification of attitude our local representative and should expedite action.

PAGE

File No. 763.72112A/608a

*The Secretary of State to the Diplomatic Representatives in Certain Countries*¹

[Circular telegram]

WASHINGTON, February 21, 1918, 8 p. m.

Before sending recommendations for the addition of names to the enemy trading list or for removals therefrom, confer with the British and French diplomatic representatives in the country to which you are accredited. Such action will further our purposes of common counsel and cooperation.

LANSING

¹ Those in Central and South America and in Norway, Sweden, Denmark, the Netherlands, Spain, and Switzerland.

File No. 763.72112A/816a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, February 23, 1918, 5 p. m.

6671. For Sheldon [from Fuller, War Trade Board]:

No. 121 for Frothingham. It is almost essential for proper control of enemy trade that American, French, and British lists be practically identical. Am alarmed at number of names you have cabled as ineligible for our enemy trading list. Request you re-examine facts concerning all names you have described as ineligible and cable result of reexamination at earliest possible moment. It is our informal understanding with British that supplements to British list 41-A, including consolidation, will be made in accordance with United States statute and our regulations for Latin America. Similar examination and immediate report is necessary. Fuller.

LANSING

File No. 763.72112/8190b

The Secretary of State to the Ministers in Sweden, Norway, Denmark, the Netherlands, and Greece

[Circular telegram]

WASHINGTON, February 25, 1918, 7 p. m.

Confer with Allied colleagues before recommending changes in enemy trading list, and if agreement results from conference, report in duplicate simultaneously to Department and Ensign Frothingham, United States Embassy, London, decisions and reasons. If disagreement results, send your opinion and variant opinions of colleagues with reasons. In each case give nationality and residence of person or association recommended for addition or removal from list. Repeat to consuls.

LANSING

File No. 763.72112/8190c

*The Secretary of State to the Diplomatic Representatives in Certain Countries*¹

[Circular telegram]

WASHINGTON, February 25, 1918, 7 p. m.

Confer with Allied colleagues before recommending changes in enemy trading list. If agreement results from conference, report decision and reasons. If disagreement results, send your opinion and variant opinions of colleagues with reasons. In each case give

¹ Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, and Peru.

nationality and residence of person or association recommended for addition or removal from list. Repeat to consuls.

LANSING

File No. 763.72112A/685

The Secretary of State to the War Trade Board

WASHINGTON, February 25, 1918.

GENTLEMEN: As the result of a conference between Mr. Stabler and Mr. Lay of the Latin American Division of the State Department and Mr. Paul Fuller of the War Trade Intelligence, the following policy was recommended in regard to the enemy trading laws in Brazil, Cuba, and Panama, the three Latin American countries at war with the German Government:

1. No new names to be put on list without consultation with the diplomatic representatives of the three countries.

2. If any of the three Governments ask officially that a name be taken off the list and are willing to take all responsibility for future action of listed persons and will give sufficient guarantees to that effect, name to be taken off list, on understanding that this action is contingent upon the person's future behavior, and if Governments of Great Britain and France concur.

The Department has felt for some time that some distinction should be made by the War Trade Board, in matters concerning the enemy trading list, between those Latin American countries which had declared war against Germany and those which had only broken off diplomatic relations or still remained neutral.

As a matter of policy this is evident for the reason that the countries in the first category consider, with a certain amount of justice, that more favorable treatment should be accorded to them than to the others, on account of their attitude.

There is without doubt a feeling in all of the countries which have aligned themselves with the United States that discrimination in their favor, which they expected as a result of their action, is not forthcoming, and they are asking themselves if "the game is worth the candle." If this Government is not willing to deal with the questions in the broadest and most liberal spirit, the United States will find itself in the position of having made enemies of those countries which have come out before the world as its friends, more bitter enemies even than those countries which have not shown a desire to give it support.

For these reasons the Department of State recommends the adoption in Brazil, Cuba, and Panama [of] the policy outlined above.

I have [etc.]

For the Secretary of State:

ALVEY A. ADEE

Second Assistant Secretary

File No. 763.72112A/615

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, February 25, 1918, 7 p. m.

[Received February 26, 12.50 a. m.]

8803. War Trade Board [from Frothingham]:

No. 200. Fuller. Your 6571 [6671], February 23.

(1) Authorities here agree lists should be practically identical and consider that such will be case in future per proposal discussed my 183.¹ However believe cannot escape certain variations comparatively few in number in cases where British have listed firms account enemy status which our act does not permit.

(2) I can not alter previous statutory list recommendations unless you authorize me interpret your original instructions and rules of evidence with considerable elasticity. This with particular reference enemy trade classification 4. May I interpret it to mean for ultimate benefit, financial or otherwise, of enemy or any enemy traders, wherever domicile?

(3) Including statutory list forwarded, have recommended total 173 European firms not eligible for enemy trading list of which 64 per cent in Spain, 14 per cent Greece. Evidence here insufficient or indefinite. Please confirm by reference to summaries against Spanish names which you have received to date. May I suggest you consider instructing our representatives in Spain and Greece to report their specific recommendations concerning all exception cases either direct or to London office.

(4) Last sentence your cable not understood. British are stat-listing very many Latin American names as our [of?] February 15, and March 1, same direct to enemy trading list. Do you wish me review Latin American cases? Frothingham.

PAGE

File No. 763.72112/7601a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, March 1, 1918, 9 a. m.

6725. For Sheldon [from Fuller, War Trade Board]:

No. 139. Frothingham. Referring Embassy's 8745, February 20, 7 p. m., your 183.

Plan arranged with only British and French includes joint consideration Allied representatives in each country listed. Review Spanish and Moroccan names Paris or London. Review rest Europe in London. Report results and reasons simultaneously to War Trade Board, British Embassy, and French High Commission, Washing-

¹ Ante, p. 1017.

ton, for final United States decision. Following cable sent United States missions, Greece and neutral European countries except Spain and Switzerland:

Confer with Allied colleagues before recommending changes in enemy trading list and, if agreement results from conference, report in duplicate simultaneously to State Department and Ensign Frothingham, United States Embassy, London, decisions and reasons. If disagreement results, send your opinion and variant opinions of colleagues with reasons. In each case give nationality and residence of person or association recommended for addition to or removal from list. Repeat to consuls.

Fuller
LANSING

File No. 763.72112A/725

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, March 20, 1918, 1 p. m.

[Received March 20, 9.49 a. m.]

9131. War Trade Board [from Frothingham]:

No. 310. Fuller. . . In view this final adjustment of the sta[tutory] list for Europe and N[etherlands] E[ast] I[ndies] to conform with e[nemy] t[rading] l[ist], Foreign Office urges your particular consideration of recognizing enemy nationality as cause for e[nemy] t[rading] l[ist] inclusion to enable quick publication certain urgent cases when other evidence not immediately available. They recite own experience in changing to such cause after year of experience under rules similar to our present ones. For above reason, plus fact French recognize enemy nationality as first cause, continued pressure from French, who were objecting account alleged discrimination from such variation in lists, hastened British decision. Feeling here is that similar consideration would apply in Washington. Frothingham.

PAGE

File No. 763.72112/7602

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, March 21, 1918, 4 p. m.

[Received March 21, 11.10 a. m.]

9154. War Trade Board [from Frothingham]:

No. 318. Fuller. Your 139. May we understand coordination proposals through British Embassy per our 183 have received final approval, and that at time review of cases Washington, London, Paris, respectively, agreed upon, additions or removals will be made simultaneously to respective official lists? Frothingham.

PAGE

File No. 763.72112A/615

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, *March 23, 1918, 8 p. m.*

7013. For Sheldon [from Fuller, War Trade Board]:

No. 235 for Frothingham. Answering question 2, your cable 8803, February 25, 7 p. m., and referring your various letters since that date. Statute covers trade activity in its broadest sense for benefit of enemy firms directly or indirectly wherever domiciled. In view of the formal and specific assurances given us by French and British Governments that no names appearing on their lists except under circumstances justifying listing under our statute, and in view of additional evidence in doubtful cases submitted to this bureau, and in view of recommendations received directly from our diplomatic representatives in countries of neutral Europe, the revised United States enemy trading list will contain all names at present on the British statutory list save those which British have agreed to remove on the ground that evidence submitted does not justify their inclusion under our laws and regulations. This applies to list as revised by supplement 47. Any evidence tending to show that any person included on revised list does not come within definition of the act will be immediately considered and, if conclusive, name will be promptly removed. In view of present arrangement all discussions inclusions or removals Latin America be held in Washington; for neutral Europe, Greece, Portugal in London; for Spain, Morocco in Paris; concern yourself exclusively with cases to be considered in London, cabling only result of joint conferences. Paul Fuller, jr.

LANSING

File No. 600.119/581

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, *March 23, 1918, 8 p. m.*

7014. For Sheldon [from War Trade Board]:

No. 238. Embassy's unnumbered telegram dated March 13, 11 a. m.¹ You may advise Owen, Stockholm, that it is not practical for time being to operate with a white list. The next revised edition of the United States enemy trading list, now in printers' hands, will contain names of firms with whom it is illegal to trade. It follows that trading with all firms not on that list will be legal.

LANSING

¹ Not printed.

File No. 763.72112/7747

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, March 27, 1918, 11 a. m.

[Received March 27, 8.23 a. m.]

9232. War Trade Board, from Stockholm:

March 26, noon. For Sheldon from Owen. Repeat to War Trade Board. Uniform inter-Allied enemy trading rulings and lists very essential or we should know before accepting import applications in Scandinavia whether we are to accept British statutory and other lists as final criterion of importers' character, or that they will accept our War Trade Intelligence rulings of enemy trading act; we shall have to recommend refusal of applications to many importers whom other Allies regard as white, and *vice versa*. Conscientious American exporters interpreting enemy trading under strict reading of act would refrain from applying for export licenses for majority Scandinavian wholesalers. Should we indiscriminately regard as enemy traders reputable neutral importers holding selling agencies for enemy firms where present chances of trading are very small but will not relinquish old established relations? Believe chances of diverting trade formerly controlled by enemy manufacturers or Hamburg, Bremen commission houses would be to encourage such importers trading with America.

PAGE

File No. 763.72112/7434

The Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, March 29, 1918, 3 p. m.

3402. Frederick A. Sterling of your Embassy, who is familiar with procedure for the inclusion or removal of names from enemy trading list, designated for the purpose mentioned your 3214, February 19, 11 a. m.¹ So inform Foreign Office.

LANSING

File No. 763.72112/7602

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, March 30, 1918, 7 p. m.

7095. For Sheldon [from War Trade Board]:

No. 263. Frothingham. Embassy's 9154, March 21, 4 p. m., your 318. Coordination finally approved. Procedure in operation here

¹Ante, p. 1017.

already as to Latin America. Publication changes in lists will be simultaneous.

LANSING

File No. 763.72112/7747

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, April 3, 1918, 7 p. m.

7129. Embassy's 9232, March 27, 11 a. m. It is impracticable and unwise to apply the test of trading with enemy firms to reputable neutral firms in Scandinavian countries. Pending the publication of our enemy trading list for neutral Europe, the British and French lists should be adopted as the guide to the character of the firms concerned and our practice in approving or refusing applications to export to Scandinavian houses other than those shown on such lists will be determined by our representative in London, who will be in touch with the practice of the British and French licensing authorities. Evidence indicating the desirability of additions to or removals from the lists should be reported to London and Washington after conference with Allied colleagues.

LANSING

File No. 763.72112A/725

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, April 5, 1918, 9 p. m.

7155. For Sheldon [from War Trade Board]:

No. 264. Frothingham. Embassy's 9131, March 20, 1 p. m., your 310. Impossible to include names enemy trading list on basis nationality as sole ultimate fact. When enemy nationality exists, however, particularly in cases in Scandinavia, it may be possible to draw inferences which will diminish greatly amount of other evidence necessary to add name. In view of European trade conditions and of instructions in my 235, March 22 [23], cases will undoubtedly be rare where there is not circumstantial evidence of business done within enemy lines or trade for benefit of enemy sufficient to include enemy trading list under our rules such names as are passed for B[ritish] S[tatutory] L[ist] under British rules.

LANSING

File No. 763.72112A/991

The Secretary of State to the Minister in Portugal (Birch)

[Telegram]

WASHINGTON, April 26, 1918, 6 p. m.

252. Report present status of enemy firms Portugal on British statutory list and actual progress made by Portuguese Government

in liquidating enemy interest therein. Prepare to report on such houses or other enemy firms for inclusion American enemy trading list. Proper to informally intimate to Portuguese Government such American listing under consideration unless definite assurance received prompt liquidation by present Government of enemy interest.

LANSING

File No. 763.72112A/971a

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, April 30, 1918, 6 p. m.

1072. [From War Trade Board] for Chadbourne, No. 41, and repeat consuls:

Before recommending changes enemy trading list confer British, French, Italian colleagues. If agreement results report in duplicate simultaneously to State Department and to Captain Stickney, United States Embassy, Paris. If disagreement results, send your opinion and variant opinions of colleagues with reasons. In each case give nationality and residence of person or association recommended for addition or removal from list.

LANSING

Publication of the Enemy Trading List Including European Firms, May 1—Agreement with Great Britain and France for Joint Consideration of Licenses for Transactions with Listed or Other Enemy Firms; Suspension Owing to Reservations Imposed—Institution of the American Confidential List and Cloaks List—Discussion of a Projected Black List for Switzerland and of Japanese Participation in the Black-List Conferences

File No. 763.72112/8215

The Secretary of State to the Consul at Amsterdam (Mahin)

No. 122

WASHINGTON, May 1, 1918.

SIR: The Department refers to your cablegram dated April 20, 1918,¹ requesting information as to whether the firms on the British statutory list are to be considered as allies of the enemy in the event such firms do not fall within the definition of the Trading with the Enemy Act, and informs you that this question has been settled by the publication of the new unified list, in which list all firms on the British statutory list which may properly appear upon the enemy trading list of the United States have been published and those not within the statute of the United States have been eliminated by the British from the statutory list.

I am [etc.]

For the Secretary of State:

WILBUR J. CARR

¹ Not printed.

*Public Statement Issued by the War Trade Board, May 4, 1918*¹

[Extract]

A new edition of the enemy trading list, revised to March 15, 1918, has just been published by the War Trade Board, combining and bringing down to date all previously published lists, supplements, and announcements of persons and associations with whom it is illegal to trade. It covers for the first time the European countries and other countries for which no American list had previously been issued,² earlier American lists having applied only to the countries of Latin America.

The list contains some 5,000 names, but the listing of a partnership is to be understood as the listing of all the partners individually, and the listing of one member of a partnership is to be understood as the equivalent of listing the partnership and each of the other members. The list is not complete, the board having listed only individuals and associations concerning whom it had adequate information to justify this procedure. A warning is therefore given against trading with persons with knowledge or reasonable cause to believe that they are enemies or allies of enemies or are conducting or taking part, directly or indirectly, in trade with enemies or allies of enemies.

Very soon after the passage of the Trading with the Enemy Act it became evident that cooperation by the Associated Governments and uniform action in the treatment of enemy trade cases, as far as possible under their variant laws, were essential to the efficient working of an economic offensive and the full accomplishment of its purposes to prevent assistance reaching the enemy. Moreover, suggestions had been received from American importers and exporters that steps be taken in this direction. In the interest of accomplishing this desirable end Great Britain, France, and the United States, aided by a spirit of cordial good will, have adopted practically uniform lists for all countries. Italy has also approved this policy in principle.

It is hoped that this cooperation of the Governments concerned will result in a continuance of uniformity in the lists, so that in net effect they will form one consolidated enemy trading list.

¹ *The Official Bulletin*, Washington, May 4, 1918 (vol. 2, No. 301), p. 9.

² Denmark, Greece, Iceland and the Faroe Islands, Morocco, the Netherlands, the Netherlands East Indies, Norway, Spain, and Sweden.

File No. 763.72112A/1823a

The Secretary of State to the Ambassador in Japan (Morris)

[Telegram]

WASHINGTON, May 8, 1918, 3 p. m.

Government considering possibility of establishment of white list for China and has cabled instructions for consuls to report on names appearing on British list and such eliminations from and additions thereto as they have to suggest. Whole question of cooperation in war trade policies under discussion here with Japanese Ambassador.

LANSING

File No. 763.72112/8921

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, June 5, 1918, 6 p. m.

[Received June 6, 3.20 a. m.]

4093. War Trade Board [from Stetson and McFadden]:

No. 154. We are informed by British and French that it was decided at a meeting held in Washington May 8, that I. B. C., Paris, is in certain limited cases to determine the suitability of granting licenses for export from Allied countries to firms and individuals on the black lists for Spain, Morocco, and Switzerland. We are without any information, advice, or instructions on this point, and would appreciate being informed if we are to handle this matter, so that we may, if desired, cooperate with other representatives of the Associated Governments. Stetson, McFadden.

SHARP

File No. 763.72112A/1300

The Minister in Portugal (Birch) to the Secretary of State

[Telegram]

LISBON, June 4, 1918, 10 a. m.

[Received June 6, 6.15 a. m.]

384. Department's telegram 252, April 26. It is very difficult to get any information concerning the status of enemy firms in Portugal and the progress made by the Portuguese authorities in liquidating enemy interest therein. This is due partly to the irregular manner in which many of these liquidations were undoubtedly effected under the previous administration and to the fact that the new officials do not seem to be sufficiently familiar with the matter. It appears that a very large number of the liquidations effected were fictitious. The usual practise was for a clerk or book-keeper in the enemy firm to officially buy the firm and carry on the trade but, as in no case would the said clerk have the necessary

capital, the transaction was merely a blind. A certain number of firms have, no doubt, ceased to exist, but even in these cases it is possible that they are merely dormant until after the war. From British sources I get a list of 24 such firms which are supposed to have had their businesses completely liquidated and have therefore been removed from the statutory list. I have informally taken up the matter with the Foreign Office and have urged the advisability of promptly liquidating all enemy interest. The British Minister, in accordance with instructions from his Government, has done the same. A full report will be made as soon as the data is gathered.

BIRCH

File No. 763.72112A/1300

The Secretary of State to the Minister in Portugal (Birch)

[Telegram]

WASHINGTON, June 18, 1918, 3 p. m.

305. Your 384, June 4, 10 a. m. Facts reported indicate little likelihood of *bona fide* liquidation of enemy interests. Unless you disapprove, will plan to issue list for Portugal. Names to be reviewed in conference with British, French, and Italian representatives in London following joint recommendation from Lisbon. Cable opinion.

LANSING

File No. 763.72112/8921

The Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, June 22, 1918, 2 p. m.

4706. For McFadden [from War Trade Board]:

No. 144. Stetson. Embassy's 4093, June 5, 6 p. m. Your 154. On April 30 [29] War Trade Board passed resolution providing that upon similar action being taken by the Governments of Great Britain, France, and Italy committees may be constituted consisting of representatives of each of above countries and the United States at Paris, London, and Washington to recommend action to be taken upon all applications for licenses to trade with enemy other than certain excepted classes. Committee in Paris to handle transactions with persons in Spain, Morocco, and Switzerland. Committee in London to handle transactions with persons in northern neutral countries. Committee in Washington to handle transactions with persons resident in Western Hemisphere. Now awaiting final approval of Great Britain to put plan in operation. This has not been received in Washington as yet. When received, full particulars, including instructions as to your course of action, will be sent you.

LANSING

File No. 763.72112/8985

The Secretary of State to the Ambassador in Japan (Morris)

[Telegram]

WASHINGTON, June 25, 1918, 6 p. m.

From War Trade Board:

57. Referring Denby's¹ report May 7² approved by Consul General at Yokohama, please suspend all activities in Japan for the compilation by naval attaché, commercial attaché, or our consuls, of list of suspect or untrustworthy firms in Japan beyond the list of local enemy traders compiled by the Japanese Government. Knowledge of such activities by our representatives might seriously embarrass negotiations pending in Washington with Japanese Embassy to secure general Japanese cooperation with American and Allied Governments for common policy toward enemy firms throughout neutral countries.

LANSING

File No. 763.72112/10204b

*The Secretary of State to the Ambassador in Great Britain (Page)*³

[Telegram]

WASHINGTON, July 2, 1918, 11.22 p. m.

2. For Sheldon [from War Trade Board]:

754. Agreement reached between England, France and United States to issue all enemy trading licenses with certain exceptions only after cases have been submitted to conference of representatives of Governments mentioned above and recommendation of such conference made. Plan effective July 1. For cases involving trading with listed or other enemy persons in Denmark, Sweden, Norway, and Holland, conference to sit in London. You will cooperate with designated representatives of France and England in such conference. Plan of procedure between War Trade Board and yourself will be as follows: Where deemed advisable by War Trade Board to grant license in case which must under agreement be presented to conference and which involves trading with a listed or other enemy person in Sweden, Norway, Denmark, or Holland, circumstances of case and recommendation of War Trade Board with reasons, together with War Trade Board reference number for the particular case, will be cabled to you. You will present case to conference with War Trade Board recommendation and reasons. Upon conference

¹ Charles Denby, special assistant of the Department, making investigations for the Department and the War Trade Board for licensing exports to the Far East.

² Not printed.

³ The same, on the same date, to the Ambassador in France (No. 4872) for McFadden (No. 163), with substitution of "Switzerland, Spain, and Morocco" for "Denmark, Sweden, Norway, and Holland," and of "conference to sit in Paris" for "conference to sit in London." (File No. 763.72112/9724a.)

approving or disapproving War Trade Board recommendation, you will cable action of conference to War Trade Board, marking such cable for Bureau of Enemy Trade, identifying particular case by *résumé* of facts and War Trade Board reference number. All cables from War Trade Board will be confirmed by despatch. You will also confirm all cables to War Trade Board by despatch. Italy will probably participate in the near future. Despatch containing full text of War Trade Board resolution on subject in question, and giving complete instructions, follows.

LANSING

File No. 763.72112A/2059a

The Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, July 3, 1918, 6 p. m.

4911. For McFadden [from Fuller, War Trade Board]:

No. 171. Stetson. Following resolution adopted War Trade Board on recommendation Bureau War Trade Intelligence:

Resolved that War Trade Board approve in principle creation of enemy trading list for Switzerland, provided same shall be applied in manner not inconsistent with terms of agreement of December 5, 1917, between War Trade Board and Government of Switzerland relative to distribution in accordance with regulations of Société Suisse de Surveillance Economique.¹

Further resolved that no such list shall be actually published or made effective until approval of War Trade Board representative at Berne has been secured,

Will you cooperate with your colleagues in preparation of this list, communicate text of resolution to War Trade Board representative, Berne, keep him advised of progress in compiling list, when list is prepared ask that his approval be telegraphed Washington for publication same? Fuller.

LANSING

File No. 763.72112A/1855a

The Secretary of State to the Diplomatic Representatives in Latin American Countries

[Circular telegram]

WASHINGTON, July 5, 1918, 6 p. m.

Inexpediency of publishing certain names eligible for enemy trading list necessitates a confidential enemy trading list. In recommending additions and removals confidential list confer British, French, Italian colleagues and proceed as in case recommendations published enemy trading list. Specific reasons within scope Trading with Enemy Act should be given in recommendations for addi-

¹ *Foreign Relations*, 1917, Supplement 2, vol. II, pp. 1185-1196.

tion to enemy trading list or confidential list. Desirable to unify Allied confidential lists far as possible. Fictitious names and names of men of straw used merely to cloak enemy trade should be recommended for inclusion in cloaks list and not enemy trading list, indicating name of principal as well. No established firm should be listed in cloaks list for cloaking enemy trade, but should be recommended for published or confidential enemy trading list.

LANSING

File No. 763.72112/9305

The Minister in Switzerland (Stovall) to the Secretary of State

[Telegram]

BERNE, July 5, 1918, 2 p. m.

[Received July 7, 11 a. m.]

3874. Department's 2117, June 18, 6 p. m.¹ Am informed that German black list no longer exists, officially having been withdrawn by German Government about two years ago. There is, however, known to be a list of firms located in Switzerland to which permits to forward merchandise through Germany to northern neutrals are steadily refused by German Legation in Berne, but this list is strictly confidential and it is doubtful if it could be obtained.

STOVALL

File No. 763.72112/9358

The Chargé in Denmark (Grant-Smith) to the Secretary of State

[Telegram]

COPENHAGEN, July 9, 1918, 6 p. m.

[Received 6.24 p. m.]

2486. Your 920, June 18.¹ Am hoping daily to secure copy of German black list, but find much difficulty, owing to fear of Danes that the firms mentioned might receive preferential treatment. One list said to be in possession of the Stock Exchange and one with the Chamber of Manufacturers.

GRANT-SMITH

File No. 763.72112/9493

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, July 20, 1918, 6 p. m.

[Received July 21, 2.55 a. m.]

4521. War Trade Board [from McFadden]:

No. 284. The following is translation of a memorandum which the Italian delegate on the Paris black-listing committee handed the committee at the meeting of July 19:

¹ "Can you obtain copy German black list?"

The Italian Government declares that it has no objection to Japan's participating with the Allies in the formation of their black lists. It believes that it is preferable, however, to have the information concerning the Far East concentrated in Washington, following the procedure adopted for America. The creation of black lists for China should have the effect of doing away with the white lists.

For your confidential information. The French enthusiastic about having a Japanese delegate on the Paris committee. Please advise your views in connection therewith. McFadden.

SHARP

File No. 763.72112/9586

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, July 27, 1918, 11 p. m.

[Received July 28, 7.27 p. m.]

4604. War Trade Board [from McFadden]:

No. 300. Referring our No. 284 of July 20. For your information. The British delegate on I. B. C., Paris, has received from his Government a telegram requesting Japan's participation in preparation of the black list pending further communication from London. Arguments used at the meeting yesterday against such participation in Paris were: First, if Japan were asked, it might necessitate inviting representatives of other Associated Governments not now represented, with the result of increasing size committee, complicating discussions, and retarding decisions; second, Paris committee is not concerned with question relative to Far East which your committee handles. McFadden.

SHARP

File No. 763.72112/9493

The Acting Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, August 1, 1918, 4 p. m.

5176. For McFadden [from Fuller, War Trade Board]:

No. 223. Stetson. Embassy's 4521, July 20, 6 p. m. Your 284. Regard inclusion Japan in coordination plan and conferences Paris, London, and Washington extremely desirable and important. Negotiations for that purpose in progress here several months. We proposed unification United States and Japanese enemy trading lists to Japanese Embassy, April 4. Embassy notified us Tokio's assent June 21. Desirable that French and Italian Governments join us in urging England to agree inclusion Japan at once. White list not proposed. Prefer leaving place conferences on lists for China as detail for later consideration. Fuller.

POLK

File No. 763.72112/9482

*The Acting Secretary of State to the Minister in Switzerland
(Stovall)*

[Telegram]

WASHINGTON, August 3, 1918, 5 p. m.

2392. For Dresel [from War Trade Board]:

No. 73. French desire inter-Allied committee, Paris, to send joint resolution to S[ociété] S[uisse de] S[urveillance Economique], Berne, that unless necessary steps to include some names of S.S.S. members in Swiss black list are completed before a certain date, Paris committee will compile list and include S.S.S. members engaged in contraband trade giving S.S.S. appeal from decisions. French consider such inclusion will not violate article 3 of S.S.S. agreement. Have telegraphed McFadden, Paris, to communicate with you and determine whether you approve this proposed resolution before acting. Telegraph your opinion Washington also.

POLK

File No. 763.72112/9722

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, August 7, 1918, 11 p. m.

[Received August 8, 9.10 a. m.]

4702. War Trade Board [from McFadden]:

No. 327. Have submitted subject your No. 223, August 1, to Inter-Allied Black Listing Committee, Paris. French, realizing the political importance, assented to the inclusion of a Japanese delegate on the Paris, London, and Washington committee, but believe Japan should agree (1) to make her regulations governing commerce with the enemy in accord with those of the other Associated Governments, and (2) to adopt the enemy trading lists of the Associated Governments, in so far as possible. British and Italian delegates, Paris committee, are submitting question to their respective governments with favorable recommendation. We will advise you, as soon as we hear from them. McFadden.

SHARP

File No. 763.72112/9729

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, August 8, 1918, 5 p. m.

[Received 5.20 p. m.]

921. War Trade Board [from Sheldon]:

No. 1182. Our 1068, July 22.¹ The inter-Allied committee for the correlation of the published black lists has now been designated as

¹ Not printed.

the conference to consider those applications for licenses to trade with the enemy which are to be referred to London conference now in operation. Some slight changes in classes of cases to be referred here may be suggested after next meeting. Meetings held every two weeks, but cases can be handled most expeditiously if referred here as they arise rather than waiting to send them in anticipation of a particular meeting.

PAGE

File No. 763.72112/9730

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, August 8, 1918, 12 a. m.

[Received August 9, 3.20 a. m.]

4710. War Trade Board, Bureau Enemy Trade [from McFadden]:
No. 329. Referring your No. 163 of July 2.¹ We have submitted to French Ministry of Blockade and Inter-Allied Black List Committee, Paris, your despatch of July 1² regarding creation of the official committee in Paris for the granting of licenses to trade with listed or other enemy persons in Spain, Switzerland and Morocco. French agree in principle to the creation of the committee and to the resolutions as explained in your despatch and are ready to submit all cases which they consider come within the province thereof. The Italian delegate has as yet received no instructions from his Government but is requesting same. British delegate has received authority from his Government to deal with granting licenses to listed persons or firms but no other enemy persons. He has, however, requested wider authority from his Government provided authority [other?] classes of persons, that is a [all?] listed persons or firms and other enemy persons, are covered by your despatch of July 1. We have also communicated with War Trade Board, London, requesting them to ask proper British authorities to confer upon their delegate full authority in this sense. We will keep you informed on these points. McFadden.

SHARP

File No. 763.72112/9746

The Minister in Switzerland (Stovall) to the Secretary of State

[Telegram]

BERNE, August 8, 1918, 6 p. m.

[Received August 10, 9.41 a. m.]

4244. War Trade Board [from Dresel]:

No. 115. Your No. 73, Department's 2392, August 3. Although constant pressure has been exercised, Allied representatives have so

¹ See footnote 3, *ante*, p. 1030.

² Not printed.

far been unable to obtain positive decision from Swiss agreeing to blacklisting S.S.S. members. Subject has now been under discussion for nine months but objection has constantly been made by Swiss that action contemplated would permanently ruin Swiss houses and firms and persons dealing with them. At informal conference with S.S.S. July 31, British delegate and I told S.S.S. that question of principle would have to be decided before August 15 if publication by Paris committee was to be avoided, also that a list of 44 names submitted to S.S.S. for black list should be accepted in substance by that date. Reply has now been received stating that Federal Council needs more time for investigation. I approve proposed resolution and request specific authority to formally inform Federal Government that if favorable action, as stated, not taken by September 1 at the latest, Paris committee will, with approval of War Trade Board, include S.S.S. members on published list.

I agree with French Consul that inclusion will not violate article 3 upon the ground that this article merely forbids discrimination upon the ground of nationality. The proposed black list will not discriminate this manner but will be made up on the basis of proved acts of contraband, illegal practices, and violation of S.S.S. regulations, all without regard to nationality of offender.

I am keeping Paris constantly informed upon the subject and shall arrive Paris 12th for consultation black list and other important matters. Dresel.

STOVALL

File No. 763.72112/9815

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, August 19, 1918, 1 p. m.

[Received 2.45 p. m.]

1178. War Trade Board [from Frothingham]:

No. 1259. Fuller. Your 754, July 2, and despatch July 1.¹ Our 1182, August 8. The French member of conference now proposes, on the basis of a communication from his Government, to include in classes of exceptional cases which are not to be referred to conference, all trading-with-the-enemy transactions to which an Allied or neutral government is a party. British and United States representatives are of opinion that this classification will include many cases which it is desirable should be subject to reference. In view of this disagreement, conference considers it is desirable that question should be discussed in Washington by Allied representatives

¹ Despatch not printed.

where plan originated. Italian representative on inter-Allied committee for correlation of published black lists, which has been designated as the conference to consider these applications, states that his Government is still unwilling to accept the plan. The principle the conference assumes that until question of exceptional cases is settled, no more specific applications will be submitted. We understand the British have telegraphed their Embassy in Washington to the same effect. Frothingham.

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File No. 763.72112/9746*The Secretary of State to the Minister in Switzerland (Stovall)*

[Telegram]

WASHINGTON, August 20, 1918, 8.50 p. m.

2572. For Dresel [from War Trade Board]:

No. 84. Legation's 4244, August 8, your 115. Your views approved. You are authorized proceed accordingly.

LANSING

File No. 763.72112A/29311*The Secretary of State to the Minister in Persia (Caldwell)*

[Telegram]

WASHINGTON, August 22, 1918, 6 p. m.

78. Consult British, French, Italian colleagues, report to London and Washington simultaneously recommendations enemy trading and confidential lists with specific reasons. If colleagues disagree, state their varying views with reasons.

LANSING

File No. 763.72112/9871*The Ambassador in Great Britain (Page) to the Secretary of State*

[Telegram]

LONDON, August 23, 1918, 11 a. m.

[Received August 23, 10.46 a. m.]

1310. War Trade Board [from Frothingham]:

No. 1298. Fuller. Refer our 1259, August 19. Conference plan for enemy trade licensing seems likely [to fail on] account the lack of interest here. In order to press matter here would appreciate your advices as to what we stand to gain by conference control in contrast to previous informal procedure of exchanging copies of licenses granted by London and Washington to their respective nationals. Frothingham.

PAGE

File No. 763.72112/9888

The Chargé in Italy (Jay) to the Secretary of State

[Telegram]

ROME, August 23, 1918, 12 noon.

[Received August 24, 2.11 a. m.]

1948. War Trade Board, Bureau Enemy Trade [from Stewart]:

No. 2. Referring your No. 163, July 2, to McFadden.¹ At his request have conferred with Italian Foreign Office in regard to acceptance by Italy of War Trade Board resolution of April 29, concerning enemy trading license committees. Am now advised that Italy will accept principle of this resolution but acceptance is limited to licenses for trading with listed persons. Italy will submit such applications to proposed committees but will not agree to submit applications for licenses to trade with enemy persons not listed. Stewart.

JAY

File No. 300.115/14373c

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, August 24, 1918, 5 p. m.

951. For Sheldon [from War Trade Board]:

No. 1100. Department's 2, July 2, our 754. War Trade Board has been informed by Italian representative on Washington blacklist committee that Italian Government not prepared to participate in enemy trading license conference plan. British Government [Embassy] has received cable from Foreign Office, London, stating that French representative in Washington states French Government prepared to agree in event certain further exceptions made. From this it would appear that French Government has not as yet given full agreement. Pending final agreement, we will transmit to you such cases as would be submitted to London conference. You will discuss these informally with proper British authorities and proper French official in London. You will cable result of such discussion to War Trade Board. Upon definite agreement reached with British Government, formal conference will be resumed without awaiting Italian participation. You will be notified.

LANSING

File No. 763.72112/9730

The Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, August 24, 1918, 7 p. m.

5427. For McFadden [from War Trade Board]:

No. 266. Embassy's 4710, your 329, August 8, 12 a. m. War Trade Board has been informed by Italian representative on Wash-

¹ See footnote 3, *ante*, p. 1030.

ington black-list committee that Italian Government not prepared to participate in enemy trading license conference. British Government [*Embassy*] has received cable from Foreign Office, London, stating that French representative in Washington states French Government prepared to agree in event certain further exceptions made. From this it would appear that French Government has not as yet given full agreement. Communicate with French authorities and inform us exactly of their position in the matter. Impress upon them desirability of full cooperation and unity in these matters. Inform us fully of exceptions which French Government desires to make, giving examples. Also give your personal opinion as to desirability of such exceptions and state reasons which in your opinion underlie desires of French Government for these exceptions. French representative in Washington is cabling his Government for full information as to their position. Important that full agreement be reached between English, French, and United States immediately. Pending final agreement, we will transmit to you such cases as would be submitted to Paris conference. You will discuss these informally with proper French authorities and proper British official in Paris. You will cable result of each discussion to War Trade Board. Upon definite agreement reached with French Government, formal conference will be resumed without awaiting Italian participation. You will be notified.

LANSING

File No. 763.72112/9910

The Minister in Switzerland (Stovall) to the Secretary of State

[Telegram]

BERNE, August 24, 1918, noon.

[Received August 26, 10.43 a. m.]

4459. War Trade Board [from Stetson and Dresel]:

No. 132. Subject blacklist for Switzerland. We have presented scheme outlined our cable August 14, Paris, War Trade Board No. 342,¹ to Inter-Allied Commission, Berne, which makes following suggestions with which we concur:

The list shall be composed as follows:

1. Inter-Allied published list comprising: (a) S[ociété] S[uisse de] S[urveillance Economique] individuals and firms to the inclusion of which the S.S.S. allied [*agrees?*]; (b) non-S.S.S. individuals and firms against which evidence is convincing and as to which publication is not inadvisable for reasons of policy. For purposes of application in Switzerland by the S.S.S. syndicates, the names of such individuals and firms as appear on this list shall be first submitted to the directors of the S.S.S. for its approval before publication, it being

¹ Not printed.

understood that S.S.S. is to enforce in Switzerland among the members of the syndicate the results of the inclusion of names to which they have agreed.

2. Inter-Allied confidential list: (a) S.S.S. individuals who are not accepted by S.S.S. but who for imperative reasons in the opinion of the Paris committee or Berne commission should be included. (b) Non-S.S.S. individuals and firms who for lack of convincing evidence or reasons of policy are ineligible for the inter-Allied published list. (c) The confidential list shall be communicated to the directors of the S.S.S. for such action as it may think advisable in order to prevent the distribution to undesirable individuals or firms of goods imported *en bloc* such as case referred to in Legation's 3685, War Trade Board 73, of July 18,¹ by syndicate for subsequent delivery to its members. It is believed that S.S.S. will accept a large proportion of the names appearing on said list for [circulation?] among its members in Switzerland.

3. Each Government reserves to itself the right to retain on its confidential list, which shall not necessarily be communicated to S.S.S., the name of any individual or firm not included on the inter-Allied confidential list. The names so retained shall be recognized and applied by the Government retaining same only in respect to its nationals and not as to the nationals of any other Associated Governments. We attach importance to this clause as its acceptance by the French and Italians would tend to lessen difficulties now encountered, especially with the French regarding transit shipments for Switzerland consigned to parties on French black list and not on those of the other Associated Governments. These names have often been added without sufficient evidence by the French inter-ministerial commission.

4. Procedure: (a) Names now on existing lists shall be examined by Paris committee and submitted to Inter-Allied Commission, Berne, for (1) its recommendations as to the names therein included and as to the time of publication and (2) necessary reference to the directors of the S.S.S. (b) New names not now appearing on any lists. The procedure will be the same as that for Spain except for additional factor prior consultations S.S.S.

We make the following suggestions: (a) that S.S.S. members shall not be added to the list for first offense, the punishment in the first instance to be the S.S.S. fine; (b) that published list shall be shorter in order (1) to be effective, (2) to give the appearance of serious concentration on names published, and (3) not to create too unfavorable impression on Swiss public on first publication.

The above plan and suggestions have the advantage of the cooperation of the S.S.S. in giving effect in Switzerland (1) to the publication of their names on inter-Allied published list, and (2) possibly also to the enforcement of names on inter-Allied confidential list. This should prevent members of the S.S.S. transferring goods received through S.S.S. to individuals and firms appearing on inter-

¹ Not printed.

Allied lists except with greater difficulty and at higher prices. We discussed matter with directors of the S.S.S. who have informally advised us that general plan and suggestions as outlined will be acceptable to them both as to composition of the black list and its enforcement in Switzerland among the S.S.S. members, provided the Federal Council adjusts [*accepts*] principle of the list. The question has been already discussed by S.S.S. with Federal Council and we are informally advised by S.S.S. that definite answer probably will be given by August 27. The S.S.S. believes this answer will be in the following general sense: that the Federal Council will protest against the principle of the list but will tacitly accept same and designate the S.S.S. or some delegate to treat with the Associated Governments as to the enforcement of the list by the S.S.S. in Switzerland.

We believe that the views outlined above will form a practical basis for settling this difficult question, and [*one?*] which discussed for many months without results, and strove [*strongly?*] recommend adoption of scheme.

We anticipate, however, considerable difficulty from the French authorities in Paris, especially the inter-ministerial commission which handles the French confidential list, though all members of the Inter-Allied Commission here, including the French delegate, French Ambassador, endorse the plan and suggestions. If above meets with your approval we suggest you support plan strongly through French Ambassador, Washington, and also advise Paris, to whom we are repeating this cable, to urge French to adopt the plan and suggestions outlined above. Stetson, Dresel.

STOVALL

File No. 763.72112/9935

The Chargé in France (Bliss) to the Secretary of State

[Telegram]

PARIS, August 27, 1918, 6 p. m.

[Received August 28, 12 noon.]

4892. War Trade Board, Bureau Enemy Trade [from McFadden]:

No. 372. Your No. 266 and 268.¹ Mr. Seydoux, charged by French Government with the administration of these subjects, is absent on holiday and will not return for two weeks, and in the meantime no official action will be taken in connection therewith by French. The French delegate on committee informs us that they are in receipt of despatch from their representative Washington indicating that the subject is not clearly understood by their repre-

¹ No. 266, *ante* p. 1038; No. 268 not printed.

sentatives. We believe that your proposals as to enemy trading licenses are acceptable the French and British except in the following cases:

- (1) The Paris committee shall have no jurisdiction in cases where one of the parties to the proposed transaction is an Allied or a neutral government.
- (2) The British, French, and ourselves are not quite clear as to whether the committee shall deal with the granting of licenses to trade with all enemy subjects or only with enemy subjects on black list in the countries under consideration.

Will you please inform us concerning your views in connection with the above? We are in receipt of War Trade Board, Rome, despatch No. 5, to you, relative to this matter.¹ McFadden.

BLISS

Consular Instruction of August 30 Describing the Various Lists in Effect and the Methods of Coordination with the Allied Powers—Protests of the Swiss and Spanish Governments against the Black Lists—Proposals for a Joint Communication to Portugal to Secure More Effective Action against Enemy Trade—Continued Discussion of Coordination of Licensing Policy

File No. 763.72112/6464a

The Secretary of State to the Diplomatic and Consular Officers in Latin American Countries

No. 618

Special Instruction
Consular

WASHINGTON, August 30, 1918.

GENTLEMEN: In the administration of the Trading with the Enemy Act the War Trade Board has found it expedient to compile several distinct lists of names of individuals and associations as an aid to effective restriction of enemy trade. At the request of the War Trade Board the Department sends you herewith a brief description of these lists and of their purposes as an indication of the way in which the diplomatic and consular service may best aid in compiling and perfecting them.

I. THE ENEMY TRADING LIST

This list is compiled to give merchants, bankers, shippers, and others notice that "trade" with the persons and associations whose names are included in it may involve a violation of the Trading with the Enemy Act of October 6, 1917, or may result in restrictions being imposed under regulations issued in pursuance of Title VII of the Espionage Act of July [June] 15, 1917. Three classes of persons and associations are listed:

¹ Not printed.

- (1) "Enemies" as defined by the Enemy Trading Act and as extended by the President's proclamation of May 31, 1918,¹ issued in pursuance of section 2-c thereof, and as defined in Department's circular telegraphic instructions of September 14, 1917,² and June 14, 1918;³
- (2) "Allies of enemies" as defined by said act;
- (3) Those who are trading, directly or indirectly, for or on account of, or on behalf of, or for the benefit of an "enemy" or "ally of enemy," as defined by the act and proclamation above named. (See section 3-a of the Trading with the Enemy Act.)

The peculiar technical definitions of "enemy" and "ally of enemy," "person," and "trade" in the act should be examined carefully in order to determine the qualifications for listing. The scope of the definition of "enemy" has been extended by the proclamations of the President dated February 5⁴ and May 31, 1918.

The first proclamation applies only to aliens of German or Austro-Hungarian nationality or nativity interned in the custody of the War Department. The second relates to certain specified classes of citizens or subjects of nations with which the United States is at war and should be carefully studied by you.

Supplements to the enemy trading list are published every other Friday, and the changes are telegraphed in advance to the United States missions in the respective countries covered by the changes.

II. THE CONFIDENTIAL ENEMY TRADING LIST

For various reasons it may be undesirable to include in the enemy trading list a certain name which, according to the technical rules of section I hereof, would ordinarily be placed on the list. For instance, the person or firm may be so connected officially with a neutral government as to make it inexpedient to publish the name, although it is clear that exports and other facilities should be denied; or the person may not be engaged in trade and no collateral object would be gained by publishing the name which could not be accomplished as well by other administrative measures; or the person or firm may be of such small importance that to publish the name would tend to unnecessarily increase the bulk of the list without compensating advantages. To cover such cases and to prevent the published list from acquiring unwieldy proportions, all names eligible for listing which it is not expedient to publish for any reason, are included in a confidential enemy trading list. The same technical rules of inclusion apply to this list as to the published list and the same procedure should be followed in recommending changes therein.

¹ *Foreign Relations*, 1918, Supplement 2, pp. 299-302.

² *Ibid.*, 1917, Supplement 2, vol. II, pp. 922-924.

³ Not printed.

⁴ *Ibid.*, 1918, Supplement 2, pp. 284-285.

In deciding whether to recommend a name for the published or confidential list two main considerations should be kept in view :

- (1) The value of the notice of publication to American, Allied and neutral merchants, shippers, bankers, etc., who are seeking to conform to the laws, regulations, and wishes of the United States in enemy trade matters, and
- (2) The collateral effects of publication on the business, social, and financial affairs of the person or association in question and on public opinion.

III. THE CLOAK LIST

This is a special list confined to "cover names" used only to cloak enemy trade transactions, which are either fictitious or represent straw men not personally engaged in international trade and of no financial importance. This cloak list for Latin America and Spain is henceforth to be compiled by the United States War Trade Board for use by the Governments of Great Britain, France, and Italy as well. The understanding under which the War Trade Board controls this list necessitates that it be confined strictly within the limits described above in section I. No names of established firms or independent businesses should be included in the cloak list. On the other hand, enemy trade "cover names," including names of employees and friends used as cloaks, should not be proposed for the enemy trading list, but should be proposed for the cloak list.

The cloak list is confidential and is not widely distributed. There are two main reasons for this :

1. If the cloak list were made public, it would become obsolete immediately for new cloaks would be used.
2. Often the cover names are those of individuals who have not consented to the cloak use and who would be affected unjustly and unnecessarily by inclusion in the published list.

IV. PURPOSES OF ENEMY TRADE LISTING AND CONSIDERATIONS APPLICABLE THERETO

Before proposing additions to the enemy trading lists, published or confidential, two main questions should be considered and answered affirmatively :

1. Are there facts in the case which constitute sufficient grounds for listing under section I hereof?
2. Will any definite advantage be promoted by listing which will outweigh possible disadvantages?

Listing is not an outlet for vindictiveness, nor a device for punishment, but a measure for accomplishing certain practical purposes involved in the legislation of the United States to prevent trading with the enemy. No good would be accomplished by listing a quiet,

inoffensive German merely because he is a German, even though he expresses a belief in the justice of the German cause; and in many cases considerable harm might arise from indiscriminate listing.

Furthermore enemy nationality alone is not sufficient to justify listing under section I hereof, although it is under the French, British, and Italian laws. On the other hand, if, for instance, the enemy national is an enemy agent or agency, actively engaged in propaganda in aid of the enemy cause, is fomenting dissension between the Associated peoples and neutrals, is backed by enemy capital, is controlled from enemy territory, is trading directly or indirectly for the benefit of an "enemy" or "ally of enemy" or is furthering trade with enemy countries, with listed persons and associations or with persons and associations who should be listed as "enemies" or "allies of enemies," he should be proposed for the lists.

Enemy nationality is an important cumulative consideration in favor of listing, although it is not sufficient alone. If there are technical reasons for listing a person, the fact that he is a German generally will be decisive in favor of listing, whereas if he is a neutral the taking of assurances sworn to before a proper official that he has discontinued his enemy trade connections and will not resume them in the future often is preferable to listing immediately.

It should be noted that public opinion in a neutral country is important. This consideration applies with peculiar force to the listing of newspapers and other organs of public opinion. The principle of freedom of the press should not be ignored. It is undesirable to list newspapers merely because they favor the German cause. If, however, they are backed by German capital, or are subsidized by the German Government or German propagandist organizations, or are otherwise controlled by enemy interests, they should be nominated for listing.

In proposing additions to the lists, the specific grounds on which the recommendation is based should be stated, since before listing a name the War Trade Board must have a justifiable reason within the scope of section I hereof. It also is of great assistance to the Board to know the nationality of the nominees and any disadvantages which might result from listing, peculiar to the circumstances of the case.

In recommending partnerships for the lists, both the partnership name and the names and nationality of the individual partners should be given. In Latin American countries these matters appear in the public records. In recommending a corporation for listing, its nationality, and the names, residence, and nationality of its officers, shareholders, and others who control its activities and interests, should be given as far as possible.

In recommendations by telegraph the specific grounds and nationality can be briefly indicated. A fuller account should always follow by mail.

V. THE WHITE LIST

While no white list is compiled by the War Trade Board in the sense that trading between the United States and foreign countries is confined to the houses upon such a list, the War Trade Board is endeavoring to furnish American exporters and importers, upon their request, with information concerning trustworthy houses abroad from the standpoint of the laws of the United States to prevent trading with the enemy. For convenience, this list is called in this circular a white list.

The white list includes names of persons and firms and associations who are approved affirmatively as clearly unobjectionable and proper connections for American trade. No names which are doubtful should be included in this category, for they will be recommended unqualifiedly to American shippers and merchants.

In reporting a firm for inclusion in the white list you should only endorse those of whose trustworthiness you are satisfied and who in your opinion furnish a proper connection for American trade, bearing in mind not only the absence of present enemy activities and connections, but also their value to American trade for the future. These firms will be recommended by the War Trade Board to American houses without qualifications. While the War Trade Board does not purpose to endorse the financial standing of any such house, it is obviously desirable that it should not recommend irresponsible persons or those with a questionable business reputation.

I am [etc.]

For the Secretary of State:

WILLIAM PHILLIPS

File No. 763.72112/9929b

*The Secretary of State to the Diplomatic and Consular Officers in
Latin American Countries*

No. 619

General Instruction
Consular

WASHINGTON, August 30, 1918.

GENTLEMEN: In the administration of the laws of the United States to prevent trading with the enemy it early became obvious that no such measure could accomplish its purpose without full and frank cooperation on the part of the governments associated in the war against the Central Powers, and that very serious dangers were inherent in the friction and misunderstandings which might be caused by lack of cooperation. The fundamental facts of interna-

tional trade and competition compelled some agreement so that, on the one hand, enemy trade, denied facilities from one of the Associated countries, might not nullify such action by obtaining supplies from another of these countries, and, on the other hand, the administrative restrictions of one of the Associated countries might not operate inadvertently and unjustly against the trade interests of the others.

The general principle of coordination has met with cordial acceptance by the United States, Great Britain, France, and Italy, and now is under consideration by Japan. The full plan includes the following elements:

- (1) Assimilation of enemy trading lists and synchronized publication of changes;
- (2) Conferences precedent to issuance of enemy trading licenses;
- (3) Reciprocal adjustment of administrative restrictions on trade due to the alleged enemy character, activities, or connections of the persons involved in it;
- (4) Full and frank interchange of information on enemy trade matters.

The United States and Great Britain are in full accord on all four of these elements. France has agreed to the first, second, and fourth, and has the third under consideration. Italy has agreed to the first and fourth, and has the other two under consideration.

I. ASSIMILATION OF ENEMY TRADING LISTS

The assimilation of the published enemy trading lists of Great Britain, France, and the United States is almost completed. It is expected that the Italian list soon will be brought into accord. The confidential lists now are in process of assimilation. A procedure has been devised for accomplishing and maintaining uniformity, which may be outlined briefly, as follows:

1. Conferences are to be held regularly by representatives of each of the four Governments in each country covered by the lists, at which names suggested for addition to or removal from the respective published and confidential lists will be discussed in the light of all the available evidence. The resulting determinations with specific reasons will be transmitted to each Foreign Office, respectively, and in the case of the countries of Latin America, simultaneously to the respective embassies or high commissions in Washington. If there is a difference of view after conference, the United States representative will transmit to Washington his own opinion with specific reasons therefor and the varying opinions of his colleagues. No recommendations for changes in the published or confidential enemy trading list should be made without such previous conference of the Associated representatives, if possible.

2. The recommendations for changes in the lists for Latin America are reviewed in Washington by representatives of the four Associated Governments. Those for Spain, Switzerland, Greece, and Morocco are reviewed in Paris, and those for the rest of neutral Europe in London.

3. The changes in the published lists agreed on by the reviewing committees are published on the same date by the four Governments. Agreed changes in the confidential lists also are put into operation at the same time.

The efficient working of this plan may involve in practice two different conferences in the country in which the subject person or association is to be listed. The consular or other representatives of the four Associated Governments in the locality where the firm resides or does business should first confer, exchange information, and discuss the case. They should then communicate the result to their respective legations and embassies, between which a further conference will be held. The result of this second conference, as well as the recommendations of the local representatives, will be transmitted by the ministers to Washington, London, Paris, and Rome, respectively, and in the case of Latin American countries by the French, British, and Italian Ministers to their respective embassies or high commission in Washington. The Department of State may, at some posts, designate a consulate general or consulate to be in charge of this work, in which case consuls will send their reports to the consular office so designated.

This procedure does not apply to the cloak list for Latin America and Spain, which is to be compiled, printed, and distributed by the United States War Trade Board.

The limited scope of the cloak list is defined by circular instruction, of even date with this, describing the various United States enemy trading lists. No name of an established firm or person engaged in international trade should be recommended for the cloak list. It is to be confined strictly to enemy trade cover names.

Recommendations for changes in the cloak list may be made directly to Washington by consuls and War Trade Board representatives, as well as by the diplomatic missions. Discussion of cloak list recommendations with the representatives of the other three Governments should be held and concurrence or non-concurrence should be reported, but expedition is necessary in the matter of listing these cover names. The cloak list is a rapidly fluctuating one, because new devices constantly are invented to take the place of those which are worn out and discarded. To defeat these devices it is necessary to keep ahead of them. Therefore rapidity of change is the essence of an effective cloak list.

II. CONFERENCES PRECEDENT TO ISSUANCE OF ENEMY TRADE LICENSES

The agreement on enemy trading licenses provides that, except in certain classes of cases, no such license shall be issued by any of the agreeing Governments without previous discussion by their representatives in Washington, if the listed or enemy person or association is located in Latin America; in Paris, if located in Spain, Switzerland, Greece, or Morocco; in London, if located elsewhere in neutral Europe or in Portugal.

III. ADJUSTMENT OF ADMINISTRATIVE RESTRICTIONS TO AVOID FRICTION BETWEEN TRADE INTERESTS OF THE ASSOCIATED GOVERNMENTS

Although assimilation of the various enemy trading lists is to be accomplished as far as possible, there are and will be cases on which the Associated Governments cannot agree. Each will then take its own course as to listing. Furthermore, facilities may be denied a firm by one or more of the Associated Governments before the process of coordinated listing is completed. The scope and purpose of this phase of the coordination plan can be indicated best by illustration. It is obvious that if, for any reason, trade with a firm in Bolivia, for instance, should be refused United States facilities and not refused British facilities, British trade conceivably might be interfered with by American authorities at a transshipment port in the United States or elsewhere, or by American shipping refusing to carry the goods. Similarly, American trade with firms listed by the British Government and regarded as unobjectionable by the American Government might be hampered by British restrictions enforced by their consular authorities and by British control over shipping and bunkering facilities. The agreement to which the British and United States Governments have come provides that trade between the United States and a third country which is unobjectionable under United States enemy trade regulations shall not be interfered with by British regulations or authorities merely because the consignor or consignee or their connections are objectionable from the viewpoint of the British administration; and that the United States will act reciprocally with respect to similar British trade. Furthermore, it is understood that British authorities without consent of the United States Government will not interfere directly with trade between the United States and third countries or with American firms or their agents in those countries, even though there is evidence that trade is being carried on in violation of American restrictions and British policies. In such cases the British authorities will communicate the facts to the proper American representatives, who will take appropriate action. The United States will reciprocate in similar cases.

IV. INTERCHANGE OF INFORMATION ON ENEMY TRADE MATTERS

Full and successful cooperation must rest on common information and understanding of the facts. Therefore it is important that all the Associated representatives in the different countries who have to do with these enemy trade matters should establish an effective system of a continuous and expeditious exchange of information and views on current cases and transactions. Even when a change in the coordinated enemy trading lists is not involved, it is important that American representatives should have the information and views of their associated colleagues on the case before making a report. If such interchange of views and evidence is made a general rule, much of the divergence in treatment of firms not listed in coordination by the four Governments can be avoided, and opinions reported to Washington will tend to possess a higher degree of assured accuracy and permanency.

If efficient, cordial, and frank cooperation is established throughout the different countries, the reports on the same case to each of the four Governments should be substantially alike except where unavoidable divergence of judgment arises. Thus the opportunities for common action will be increased. It is desired that the United States representatives make a special effort to establish the custom of reciprocal conferences and interchange of information on all enemy trade matters not peculiarly of a strictly confidential nature, and to bring about concordance in enemy trade reports to the respective home governments.

It is very desirable that the utmost good feeling, frankness, and concord should be established between the representatives of the Associated Governments in the various countries on these enemy trade matters. Harmony is essential to the proper working of the plan arranged, and in lack of harmony and variances in enemy trade restrictions as between the various Associated Governments lurk very grave dangers. Where misunderstandings exist they should be cleared up. Differences of opinion and friction caused by natural trade rivalries should be reconciled and adjusted. By proper and skillful cooperation on the part of the various representatives it is believed that the common interests of all the countries will be served without harm to the separate commercial interests of any, and it is only by such cooperation that this result can be reached.

Substantial intentional infringements of the coordination agreement of course should be reported. If it is found that any commercial or consular agents or representatives of business firms are making improper use of their opportunities to the detriment of American interests, steps will be taken at once to rectify the situation. Captious complaints should be avoided, however, and the broader

purposes of the policy of coordination should be kept steadily in view.

When the process of assimilation of the lists is completed, the lists will be, with slight variances, in practical effect, though not technically or physically, a single Allied list. If it is thought advisable, you may discreetly announce to the public this fact and also the fact that changes in the list are made after conferences between representatives of the four Associated Governments and by concerted action.

I am [etc.]

For the Secretary of State:

WILLIAM PHILLIPS

File No. 763.72112/9871

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, August 31, 1918, 5 p. m.

1121. For Sheldon [from War Trade Board]:

No. 1133. Frothingham. Embassy's 1310, August 23, 11 a. m., your 1298.¹ Advantage conference plan obvious. Unified policy reference granting enemy trade licenses absolutely necessary and only possible under this plan. Unified lists accomplish nothing without complementary unified action in the matter licenses. Otherwise same undesirable results follow inconsistent granting licenses as followed inconsistent lists. Under plan mere exchange licenses action taken prior to possibility comment and recommendation by other governments. Cases continually arising of inconsistent policy resulting in complete loss effect enemy trade restrictions. War Trade Board receives from agents northern neutral countries continually complaints detrimental results to United States from lax British policy reference persons on confidential list and rigid United States policy. Similarly in South America United States has licensed in past certain transactions where such action nullified policy British and French. Had United States been informed such policy existed, licenses would not have been granted. For maximum efficiency absolute cooperation needed. This only obtainable through discussion prior granting license. Mere exchange after granting futile. Must impress upon you War Trade Board's conviction necessity license conference. At suggestion British Government, negotiations for complete agreement being carried on in Washington with representatives British, French, and Italian Governments here. Will keep you advised action taken. Meanwhile very important follow to letter instructions Department's 951, August 24, 5 p. m., our 1100.²

¹ *Ante*, p. 1037.

² *Ante*, p. 1038.

Copy letter from War Trade Board to British representative in Washington insisting necessity cooperation reference enemy trade licenses in cases persons on confidential list as well as published list being sent you by dispatch. Letter dispatched by British representative to London office with recommendation plan be fully adopted. You will assist by strongly urging to British authorities points taken in that letter.

LANSING

File No. 763.72112A/3281a

The Secretary of State to the Diplomatic Representatives in Latin American Countries and to the Consul at Georgetown

[Circular telegram]

WASHINGTON, *September 3, 1918, 6 p. m.*

It has been decided that Washington Allied conference on changes in enemy trading lists will act hereafter on telegraphic reports from American representatives in Allied conferences in Latin American countries provided those reports state unanimous recommendations of British, French, Italian, and United States representatives and sufficient specific reasons. Avoid phrase "Allied colleagues." Use phrase "British, French, and Italian colleagues." If disagreement is reported by American, reports of other three representatives will be awaited before action. Accuracy and speed in reporting results of local conferences therefore desirable. Conclusions of all four representatives and reasons should be given in each case. Fuller report by mail should follow telegraphic reports. Repeat to consuls.

LANSING

File No. 763.72112/9730

The Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, *September 4, 1918, 3 p. m.*

5506. For McFadden [from War Trade Board]:

No. 287. Supplementing Department's 4873 [4872], our 163, July 2¹; Department's 5427, our 266, August 24, 7 p. m.² With reference to the enemy trade license conference and the exceptions which the French Government desire to make to the classes of cases to be submitted to the committee, please communicate the following to the proper French authorities. The aim and function of such a committee, according to the understanding of the United States War Trade Board, is to furnish a method whereby, in so far as possible, unity of action between the Allied Governments in the administration of their several restrictions on enemy trade may be obtained.

¹ See footnote 3, *ante*, p. 1030.

² *Ante*, p. 1038.

War Trade Board is convinced that such unity of action is essential to the exercise of the maximum strength of the Allied enemy trade restrictions and to the securing of the maximum results from such restrictions. To attain this it is vital that prior to action taken by any one of the Allied Governments in permitting any transaction which through the enemy character or affiliation of some person connected therewith would normally be restricted such case be discussed by representatives of the Allied Governments in conference and the views of the other Governments obtained. To be successful, the plan must be thorough and involve all cases except such as through mutual agreement are very unimportant or in which it is agreed that the action will be always the same. By this course inconsistent acts are avoided. Opportunity is taken away from the enemy to manufacture damaging propaganda as they have in the past on the basis of actions of one Allied Government in enemy trade matters in apparent contravention of the policy of another Allied Government. Such cases furnish opportunities to the enemy to reiterate their claims of lack of understanding and unity among the Allies. The effect upon the morale of the enemy of such ingenious claims, supported apparently by facts, is obvious. The further advantages which naturally follow from mutual discussion of such cases are many; for example, the introduction of new points of view, new facts bearing on the case, and, most important, the obviating of all chance of misunderstanding.

With reference to the exceptions which the French Government desire to make from reference to conference:

- (1) Cases in which one of the Allied Governments proposes to undertake a transaction or transactions in which a person of enemy character or affiliation is involved. It is fully appreciated that in such cases the Government concerned would not undertake such an action unless the public necessity was great. Nevertheless, it is felt that a submission of the facts to mutual conference is desirable for the sake of avoiding all possible misunderstandings and for the sake of an exchange of information on the subject which may in many cases uncover facts which will remove the necessity for the transaction.
- (2) With reference to the proposal of the French Government to except from the conference consideration of cases where goods pass in transit through one of the Allied territories.

The War Trade Board recognizes the fact that such cases often involve questions of a political nature, but nevertheless feels that such cases should be presented to the committee in order that through the committee the other Allied Governments may be informed that political reasons necessitate the action and that the committee as a coordinating body may fully function in the matter of preventing

misunderstandings. The War Trade Board does not feel that the objection that a different branch of the French Executive administers such cases is controlling. It would seem that this difficulty could be obviated by having the proper department of the French Government instruct the French delegate to the committee as to the considerations controlling such cases. It is essentially desirable that the French authorities agree with the War Trade Board in this matter so that in unison we may urge upon the other Governments the desirability of complete cooperation. The War Trade Board therefore desires to urge that the French Government accept in full the proposition of the War Trade Board, as understood and intended by that Board originally; to wit, that with the exceptions outlined in Department's 4873 [4872], War Trade Board's 163, July 2, and dispatch of July 1,¹ and communicated by you to the French Government, all cases in which one of the Governments participating in the conference purposes to permit a transaction which would normally not be permitted by that Government because of the enemy character or affiliations of a person involved in such transaction be submitted for discussion and recommendation to a committee of representatives of the French, English, Italian, and United States Governments sitting in London, Paris, or Washington, under the scheme outlined in Department's 4873 [4872], War Trade Board's 163, July 2.

LANSING

File No. 763.72112/9910

The Secretary of State to the Minister in Switzerland (Stovall)

[Telegram]

WASHINGTON, September 4, 1918, 6 p. m.

2659. For Dresel [from War Trade Board]:

No. 96. Plan for Swiss lists, Legation's 4459, August 24, noon, your 132,² approved. Have telegraphed Paris to urge French to adopt. Shall take matter up with French High Commission here also.

LANSING

File No. 763.72112/10027a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, September 4, 1918, 7 p. m.

1185. For Sheldon [from Fuller, War Trade Board]:

No. 1160. Frothingham. What progress has been made in matter urging adoption effective enemy trade restrictions by Portugal? Portuguese in certain South American countries are cloaking enemy

¹ The latter not printed.

² *Ante*, p. 1039.

trade. Our representatives advise only effective remedy is adoption of full enemy trade restrictions by Portugal. This should be discussed with British in furtherance of early decision concerning publishing enemy trading list for Portugal which was subject of communications from you several months ago. French representative, Washington, has been instructed by his Government to ask cooperation United States in obtaining British assistance urging Portugal to act immediately. Await your advice as to situation. Fuller.

LANSING

File No. 763.72112/9815

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, September 5, 1918, 4 p. m.

1195. For Sheldon [from War Trade Board]:

No. 1165. Frothingham. Embassy's 1178, August 19, 1 p. m., your 1259.¹ Conference here has determined advisable that conference plan extend to all cases other than those excepted in original proposition by War Trade Board embodied in despatch July 1.² This result has been communicated to French authorities through McFadden and recommended to French authorities through French representative, Washington. Italians make proposal to agree conference plan to extent of persons on refusal lists but not other enemy persons. Washington conference including Italian representative agree desirable conference plan be adopted in full by all governments represented by conferees. This result communicated Italian authorities through Stewart at Rome and recommended to Italian authorities by Italian representative in Washington. Act pending final agreement according instructions our 1133, Aug. 27 [31], and despatch August 30.³ Hereafter in cabling reference enemy trade license conference do not mark cable for Fuller but simply send as War Trade Board cable.

LANSING

File No. 763.72112/9935

The Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, September 6, 1918, noon.

5517. For McFadden [from War Trade Board]:

No. 291. Embassy's 4892, August 27, 6 p. m., your 372.³ War Trade Board's position in matter in question entirely set forth in Department's No. 5506, our 287, September 4, 3 p. m. To make definite War Trade Board's position reference scope of conference

¹ *Ante*, p. 1036.

² Despatch not printed.

³ *Ante*, p. 1041.

activities, as intended and considered desirable by War Trade Board and by Washington representatives of French, English, Italian Governments, conference will consider all cases where normal action of Government concerned would be restriction of transaction owing to enemy character or affiliation of a person involved therein.

LANSING

File No. 763.72112/9888

The Secretary of State to the Ambassador in Italy (Page)

[Telegram]

WASHINGTON, September 7, 1918, 5 p. m.

1673. For Stewart [from War Trade Board]:

No. 5. Embassy 1948, August 23, 12 noon, your No. 2.¹ Reference to enemy trade license conference and exceptions which Italian Government desire to make to classes of cases to be submitted to committee, please communicate following to proper Italian authorities. Aim and function of such a committee, according to understanding of United States War Trade Board, is to furnish method whereby in so far as possible unity of action between Allied Governments in administration of their several restrictions on enemy trade may be obtained. War Trade Board convinced that such unity is essential to the exercise of maximum strength of Allied enemy-trade restrictions and to the securing of maximum results from such restrictions. To attain this it is vital that prior to action taken by any one of Allied Governments in permitting any transaction which through the enemy character or affiliation of some person connected therewith would normally be restricted such case be discussed by representatives of Allied Governments in conference and views of other governments obtained. To be successful plan must be thorough and involve all cases except such as through mutual agreement are very unimportant or in which it is agreed that the action will be always the same. By this course inconsistent acts are avoided. Opportunity is taken away from enemy to manufacture damaging propaganda as they have in past on basis of actions of one Allied Government in enemy trade matters in apparent contravention of policy of another Allied Government. Such cases furnish opportunities to enemy to reiterate their claims of lack of understanding and unity among Allies. Effect upon morale of enemy of such ingenious claims, supported apparently by facts, is obvious. Further advantages which naturally follow from mutual discussion of such cases are many; for example, the introduction of new points of view, new facts bearing on case, and, most important, the obviating of all chance of misunderstanding. Reference to limi-

¹ *Ante*, p. 1038.

tations placed by Italian Government upon its full cooperation, to wit, that it accepts to extent of listed persons only, it would seem to War Trade Board that such a limitation would result only in partial accomplishment of aims of conference as stated above, as it would leave out of scope of conference action cases of transactions with persons actually resident in Germany or persons in neutral countries having enemy connections or affiliations where there is no list. You will call to attention of Italian authorities fact that in original proposal of War Trade Board submitted to Italian Government through their Embassy in Washington, sent approximately on date of July 3, cases of trade by the nationals of an Allied Government with persons of enemy character in the territory of that Government were excepted from consideration by conference. It is felt that no further classes of enemy be excepted. War Trade Board therefore desires to urge that Italian Government accept in full proposition, to wit, that with the exceptions outlined in Italian Embassy's cable to Italian Government, sent approximately on date of July 3, all cases in which one of Governments participating in conference purposes to permit a transaction which would normally not be permitted by that Government because of enemy character or affiliations of a person involved in such transaction be submitted for discussion and recommendation to a committee of representatives of the French, English, Italian, and United States Governments sitting in London, Paris, or Washington, outlined in Italian Embassy's cable, about July 3.¹

Above has been approved by representatives French, English, and Italian Governments on Washington conference, and Italian representative is cabling Italian Government to that effect.

LANSING

File No. 763.72112/10047

The Minister in Switzerland (Stovall) to the Secretary of State

[Telegram]

BERNE, September 7, 1918, 9 a. m.

[Received September 9, 12.36 p. m.]

4624. For War Trade Board [from Dresel]:

No. 149. Department's 2659, September 6 [4], your No. 96, Legation's 4490, August 29, 10 a. m., my No. 136.¹ Formal reply of Federal Government on subject black list dated August 31, text of which has been forwarded to Department, makes various objections establishment of black list as follows:

- (1) Conflict will exist with article 3 of S[ociété] S[uisse de] S[urveillance Economique] regulations;

¹The latter not printed.

- (2) Independence and neutrality of Switzerland jeopardized by interference of Associated Governments;
- (3) Control and system of penalties established by S.S.S. already sufficient without further measures.

Note states further that, nevertheless, Government is inclined to give S.S.S. additional powers in order to exclude, directly or indirectly from its benefits, houses hereafter guilty of violations of S.S.S. regulations. Finally, further discussions of a diplomatic nature are suggested.

I consider above answer altogether too vague and, if taken literally, unacceptable. Also additional powers to S.S.S. are unnecessary, only rigorous enforcement of those already conferred being required. In informal conversations I have urged the necessity of an immediate decision accepting definitely principle of a published joint blacklist to include past as well as future delinquents. In the meantime I am confidentially assured by president of S.S.S. that Federal Government will not press protest contained in the note and will take action in the sense indicated by Entente.

Formal answer is now being considered by representatives of Associated Governments, insisting on essential principles, and will be delivered shortly. Dresel.

STOVALL

File No. 763.72112/10090

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, *September 10, 1918, 5 p. m.*

[*Received September 11, 6.23 p. m.*]

5022. War Trade Board [from McFadden]:

No. 403. Referring to Berne Legation No. 4459, August 24, 12 noon, War Trade Board No. 132.¹ Informed [*Informal?*] conversations with the French Blockade Ministry develop the following viewpoint of the French Blockade in connection with the application and operation of the confidential lists of Associated Governments for Switzerland.

1. As expressed in Berne's cable No. 132, so far as possible a common confidential list will be agreed upon by Associated Governments for Switzerland.

2. Where the laws of the respective Associated Governments differ in connection with the determination of enemy trade, or where the various delegates are unable to agree as to whether the evidence is sufficient or insufficient to warrant blacklisting, then in such event there shall be independent action by each Government as to blacklisting.

¹ *Ante*, p. 1039.

3. In connection with the following, the French Blockade, however, assert where goods of American origin are consigned to Swiss houses which appear upon the French confidential list but do not appear upon our enemy trading list or our proposed confidential list, that they will detain such goods in France for the reason that their laws prohibit trading with the transit across their territory of goods intended for such Swiss concerns; in view thereof they are by French domestic law unable to permit the transit through France of such goods when the consignee is upon the French confidential list.

4. We have pointed out to the Blockade that if principle of control as asserted by them is accepted by the Associated Governments, then we could see no advantage in further discussions of the subject with a view to preparation by the British and ourselves of independent confidential lists for Switzerland, as the French confidential list necessarily must be the only practical list upon which business could be conducted. In this connection, we wish to point out to you that the French Blockade are very arbitrary in their considerations of Swiss houses, and in many instances we find that they are inclined to place Swiss houses on the black list upon slight evidence, certainly on evidence that we would not consider sufficient cause for blacklisting, and as an example we beg to mention that [at] April session of the Commission Inter-Ministerielle (which handles the question of the confidential lists) 105 Swiss houses were added to their confidential list for Switzerland.

Furthermore, the above principle as to transit of American goods through France to Switzerland is also applied in connection with the transit of Swiss goods from corresponding concerns for shipment to America.

We shall, under the circumstances, discontinue further definite discussions in Paris of the Swiss confidential lists with the French and the British delegates until we receive your reply to the above, as we wish very definite instructions in connection therewith especially as to representations which you wish us to make to the French in this connection.

The French inform us that the policy of the British in connection with Scandinavian and Dutch concerns corresponds to their position in connection with the Swiss concerns.

We suggest under the circumstances in the preparation of the new French-American-Swiss agreement that a provision should be inserted therein which shall require the French to recognize the United States War Trade Board licenses as satisfactory evidence as to the status of consignee, and therefore that shipments covered by such licenses and consigned to Swiss concerns (not included in our enemy trading list or any confidential list which we may later establish covering Swiss houses) shall have free transit without detention through France to Switzerland, and that the same principle shall apply to shipments from Switzerland to the United States.

As a result of various conversations which we have had with Sir Francis Elliot, whom the British have sent as a special delegate to discuss the question of the neutral list for Switzerland with the French and Swiss, and Mr. Craigie of the British Legation, Berne, both of whom are now in Paris after visiting Berne, we are inclined to believe that the principle of the black list and its enforcement in Switzerland by the S[ociété] S[uisse de] S[urveillance Economique] would be more readily accepted by the Swiss if they felt (1) that the confidential lists of the Associated Governments were to be as uniform as possible, and (2) that the exceptional names retained by one of the Associated Governments on its own confidential list were enforced only in respect to the nationals of the particular Government, that is to say, that the French would agree to permit transit of goods through France when consignee is upon the French confidential list but is not upon British or United States enemy trade list or confidential list. McFadden.

SHARP

File No. 763.72112/10139

The Ambassador in Great Britain (Fage) to the Secretary of State

[Telegram]

LONDON, September 16, 1918, 3 p. m.

[Received 6.42 p. m.]

1906. War Trade Board [from Frothingham]:

No. 1441. Supplementing our 1379, September 5.¹ Inter-Allied review committee submits following proposal, with which British Foreign Office agrees, for views of Associated Governments. Portuguese Government should be informed that (a) published black lists for Portugal (British statutory list) would be withdrawn, and (b) American enemy trade list for Portugal should not be instituted provided:

- (1) Portugal will adopt a published black list for South America or in some other form give effective support to black list policy in South America;
- (2) Liquidation of German firms in Portugal is accelerated to such a point as to satisfy four Allied representatives in Lisbon that this policy is being effectively pursued;
- (3) Any other conditions in this connection considered possible and desirable by Allied ministers in Lisbon be met.

At the same time it should be made clear to Portugal that in the event of withdrawal of published black lists, confidential black lists for Portugal could still be used by Associated Governments to prevent any inequality of treatment to subjects of those of the Allies

¹ Not printed.

whose laws prohibit trade with enemy nationals irrespective of the existence of published black lists. For example French law prohibits any Frenchman from trade with a German whether or not that German is on a published list. Referring condition (1) above, Portuguese adoption of [published] black list is confined to South America account probability of serious political objection to adoption such a list for Spain. On the other hand, with reference to condition (3), it might be possible and desirable to press for additional restrictions on trade across Spanish frontier in view of Portugal's fight for withdrawal of stat[utory] list. The notice of not publishing an American enemy trading list for Portugal contains an implication that may have greatest single effect. Please advise whether you concur in submission of joint communication as above by British, French, Italian, and American representatives at Lisbon. Frothingham.

PAGE

File No. 763.72112/10171

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, September 19, 1918, noon.

[Received 1.55 p. m.]

5120. War Trade Board [from McFadden]:

No. 427. The following resolution was adopted by the Inter-Allied Blacklisting Committee, Paris:

Inter-Allied Blacklisting, Paris, recognizing the necessity of complete understanding between the Associated Governments as to the date of publication of decisions taken both by the Paris committee and by the committees in London and Washington, has decided that a delay of ten days shall be given each Government in which to state if said Government has any objection to the decisions taken by this committee. If no objection has been registered before the ten days, the decisions will become binding and the names decided upon shall be published in the next bi-weekly lists.

The above resolution was passed as it had been noted by the Paris committee that names adopted at a meeting were not published simultaneously by the Associated Governments. Please instruct if you approve. McFadden.

SHARP

File No. 763.72112/10149

The Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, September 25, 1918, 9 p. m.

5721. For McFadden [from War Trade Board]:

No. 328. . . . Every effort should be made to unify lists. Non-unified portions of lists of each Associated Government should not be

applied against shipments between other Associated countries and firms so discordantly listed. Nevertheless, War Trade Board does not feel it should urge French against their laws and policy to allow transit of goods across French territory between America and German firms in Switzerland although United States laws or S[ociété] S[uisse de] S[urveillance Economique] agreement may prevent inclusion of German firms in question in United States lists. Subject to tacit understanding on this exception, reciprocity demands adoption of principle mentioned above by French for general application. If French wish to stop particular shipments to or from Swiss firms not listed by United States on basis of evidence not yet submitted to inter-Allied committee, prompt submission and decision of case by inter-Allied committee might meet situation. Shipment could then be permitted or definitely stopped according to committee's decision that it should or should not be licensed. Similar policy is followed in London with respect to northern European neutrals. There should be no difference in any of above particulars between S.S.S. and non-S.S.S. individuals or firms. We do not prefer to take matter up through other official channels. Suggestion in Embassy's 5022, your 403, that provision be inserted in French-American-Swiss agreement, applying principle herein discussed to Swiss-American trade via France, should not be followed unless that course is necessary to obtain satisfactory assent from Swiss. This principle is one of agreement between the Associated Governments as to scope of their respective enemy-trade restrictions and not one between them and neutrals.

LANSING

File No. 763.72112/10139

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, September 26, 1918.

1626. For Sheldon [from Fuller, War Trade Board]:

No. 1274. Frothingham. Embassy's 1906, September 16, your 1441. Action therein proposed is approved. Fuller.

LANSING

File No. 763.72112A/3859

The Secretary of State to the British Chargé (Barclay)

No. 270

WASHINGTON, September 30, 1918.

SIR: I have the honor to advise you that the United States Government has approved in principle an invitation to the Japanese Government to associate itself with the Governments of the United States, Great Britain, France and Italy, in the preparation and publication of so-called enemy-trading or black lists to the end that the Japanese

Government may adopt, so far as practicable, the same measures for the control of trade by Japanese subjects with enemy houses as have been adopted by this Government in cooperation with the Governments of Great Britain, France, and Italy.

The United States Government is prepared to extend to the Japanese Government an invitation to participate in the conferences now being held in London, Paris, and Washington, for the consideration of enemy trading lists and licenses, providing the other Governments participating by their representatives in such conferences, are willing to join in such an invitation.

The United States Government anticipates that the Imperial Japanese Government will expect that the plan of joint enemy trade cooperation will involve the creation of an additional committee to consider enemy trading lists for China and the Far East to sit at Tokyo, and in the interests of securing the fullest and most cordial cooperation of the Japanese Government in enemy trading matters, the United States Government is disposed to favor acceding to such a suggestion if presented by the Japanese Government and to urge upon the other Governments represented in the conferences above referred to their consent to such a proposal.

The United States Government is of the opinion that the Japanese Government is favorably disposed to accept such an invitation if extended by the various Governments now participating in the conferences above referred to.

I have the honor to urge most earnestly that this proposal may receive the approval of your Government and that steps be taken by all the Governments associated in enemy-trading matters to extend to the Imperial Japanese Government a cordial invitation for participation in the conferences already in operation in London, Paris, and Washington, and that each of the participating Governments, if requested by the Japanese Government, agree to the convocation of an additional conference in Tokyo.

Accept [etc.]

ROBERT LANSING

File No. 763.72112/10340

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, October 1, 1918, noon.

[Received 8.48 p. m.]

5256. War Trade Board [from McFadden]:

No. 465. Referring Department's 5506, of September 4, 3 p. m., your 287.

1. We have presented content of above telegram as instructed. Ministry Blockade is in accord with your views as expressed therein

and in your letter of July 1,¹ with exceptions hereafter noted, and will from now on present cases covering Switzerland, Spain, and Morocco to enemy trade license committee in Paris for its consideration and action.

2. The Ministry of Blockade will submit cases covering trade between individuals and firms in French territory and—

- (a) Enemy persons or firms;
- (b) Individuals or firms appearing on the *liste noire officielle*;
- (c) Individuals or firms appearing on the *liste noire confidentielle*.

3. The Ministry of Blockade will not submit cases of trading with above persons or firms when the transaction is one which was started before such persons or firms were included upon the various black lists or [became] suspect. Licenses for such transactions, which are known as *affaires en cours*, will be granted only by the French Commission Inter-Ministerielle des Listes Noires.

4. The Ministry of Blockade is unable to answer at the present time the question as to submitting cases of trading between the French Government and persons mentioned in paragraphs (a), (b), and (c) above, as they do not know whether the Government is still making purchases or doing business of this sort. Blockade will advise us regarding this point after consultation with French Ministries of Armament and Commerce, when we will inform you. McFadden.

SHARP

File No. 763.72112/10338

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, September 30, 1918, midnight.

[Received October 1, 10.12 p. m.]

5235. War Trade Board [from McFadden]:

No. [457]. We are informed by British and French delegates on the Paris blacklisting committee that their Governments have received notes from the Spanish Government objecting to—

- (1) The principle of the black list for Spain;
- (2) The method of operation, which they claim is unjust and works hardship on firms which do not deserve being listed.

We have been requested to inquire if a similar note has been received by the United States Government, and if so what answer has been made thereto. We understand that the British and French have

¹ Letter not printed.

answered separately and independently. The sense of the British answer is that—

- (1) They can not admit the contention of the Spanish Government against the principle of the maintenance of the list;
- (2) They can not withdraw the list for Spain without doing an injustice to the other neutral countries for which there are lists;
- (3) They will be glad to consider any special cases which the Spanish Government may care to submit in which it is considered an injustice has been done; and
- (4) They can not give a more definite answer to the Spanish note without consulting the other Associated Governments.

Are we authorized to prepare a joint answer to be delivered to the Spanish Government after approval by the various [Associated] Governments? Do you desire to participate in any joint answer which may be sent by the British and French even though no note has been delivered to you by the Spanish Government? If so, please instruct in what sense you desire to answer. We will advise you more definitely as to French position in the course of a few days. McFadden.

SHARP

File No. 763.72112/10369

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, *October 5, 1918, 1 p. m.*

[Received 5.49 p. m.]

2516. War Trade Board [from Frothingham]:

1598. Bureau of Enemy Trade. Serious [*Series of?*] personal conferences with British licensing authorities develops fact that the lack of progress in coordinating confidential list licensing is due to difference between British and French confidential list policy for northern neutrals. British are willing to submit all such cases to Americans for conference decisions but fear delays and difficulties in similar action with French. French delegate here has very limited powers and is forced refer cases on to Paris for actual decision causing delays. British consider this would be fatal to efficient conference work in issuance of "permissions," to correspond with and arrange approved imports from black-list firms in northern neutrals. At present such decisions are made here daily in connection with letters to and from black-listers intercepted by censors. The actual policy difference is that with respect to northern neutrals British consider first object of confidential list is to prevent any Allied exports reaching Germany and any German goods reaching overseas

destinations. British consider German and northern neutrals' trade of a local character to be inevitable and protected in part by doctrine of neutral rights. Such trade may be hindered but cannot be effectually stopped by listing in practice. If trade with enemy were single cause for listing, great majority of all firms in northern neutrals could be listed. Such action they contend would do more harm than good, so the published list is a selected list of firms of German ownership, association, or control, whose trade it is definitely desired to destroy. In contrast [*practise?*] northern neutrals' confidential list is largely composed of firms of neutral ownership whose outside trade can be controlled by blacklisting but which firms cannot reasonably be marked for destruction on the same grounds used for German-controlled firms. French do not agree with this policy which British apply exclusively to northern neutrals. British claim French overlook impracticability of preventing all border neutral trade and that French plan of blacklisting indiscriminately forces many wavering firms to open and steady trade relations with the enemy. I am inclined to agree with the practical side of the British argument with reference to northern neutral trade conditions. At the same time, coordinated licensing control is primary requirement. Question is whether you consider French should be brought into line with British argument or whether licensing should be coordinated at expense of present British blockade policy. Note that French trade interests in northern neutrals are negligible compared with those of United States and Great Britain. Frothingham.

LAUGHLIN

File No. 763.72112/10406

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, October 10, 1918, 1 p. m.

[Received October 11, 3 p. m.]

2704. War Trade Board [from Frothingham]:

No. 1639. Fuller. Your 1274, Department's 1626, September 26. Action in Portuguese matter has been delayed by lack of reply from French Minister of Blockade and have telegraphed Stetson in Paris to press the matter in view of peace overtures from Berlin. Feeling here is that every effort should be made to speed up liquidation of enemy firms in Allied countries. Proposed withdrawal of stat[utory] list Portugal should be accelerated if at that price more rapid liquidation enemy firms could be secured.¹ Frothingham.

LAUGHLIN

¹Last sentence is as corrected by telegram No. 2837 from Great Britain, received October 17 (File No. 763.72112/10463).

File No. 763.72112/10618a

The Acting Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, October 11, 1918, 5 p. m.

5873. For McFadden [from War Trade Board]:

No. 366. Stetson. Japan may soon request Paris and London for inclusion in inter-Allied enemy trading listing and licensing committees on basis principle unification of enemy trading lists and stricter administrative control. England will assent to inclusion Japan if Japan requests it. We deem it of great importance that Japan should participate conferences Paris and London, as well as Washington. French Blockade representative, Washington, is telegraphing his Government accordingly.

POLK

Limited Resumption of Enemy Trade License Conferences, October 11; American Efforts to Secure Greater Coordination—Participation of Italy and Japan in Black-List and Licensing Conferences—Proposed Participation of Belgium—Continuance of the Black Lists after the Armistice

File No. 763.72112/10532a

*The Acting Secretary of State to the Chargé in Great Britain (Laughlin)*¹

[Telegram]

WASHINGTON, October 11, 1918, 5 p. m.

1936. For Sheldon [from War Trade Board]:

No. 1386. Refer enemy trading license conference, British Government has suggested that, pending settlement of the minor difficulties which now exist in the matter of complete agreement on enemy trading license conference, formal conference be resumed, each Government participating to the extent to which it has agreed. The negotiations for full agreement will be continued by conference at Washington. We feel this plan satisfactory. French, Italian Governments at Washington have agreed. Washington conference now in formal operation. Take steps to reinstate formal meetings enemy trade license conference, London.

POLK

File No. 763.72112/10412

The Ambassador in Italy (Page) to the Secretary of State

[Telegram]

ROME, October 10 [11], 1918, 6 p. m.

[Received October 12, 12.30 p. m.]

2122. War Trade Board [from Stewart]:

No. 25. Referring your 5, Department's 1673, September 7, 8 [5] p. m. Foreign Office informs me Italian Government will accept

¹The same, on the same date, except for substitution of "Paris" for "London," to the Ambassador in France, No. 5878, for McFadden, No. 367 (File No. 763.72112/10620a).

War Trade Board resolution of April 29, 1918, dealing with enemy trade license conferences with the sole reservation that there should be added to the cases specifically exempted from submission to the proposed conferences by article 3 of said resolution, cases involving purchase by nationals of Allied state of commercial enterprises existing within territory of said state belonging to subjects of enemy state. Foreign Office states such exception rendered absolutely necessary by Italian legislative system, further that under Italian law such transactions cannot be consummated [without] Government consent, such consent given only after detailed examination to determine whether proposed transaction compatible with political, economic, military interests of the country, and price paid deposited Italian bank where it remains until end of war. Foreign Office also states such cases involve only business activity within Allied state having control of the transaction, they come fairly within principle of other exceptions proposed in War Trade Board resolution and that proper evaluation of the specific circumstances surrounding such transactions could only be intrusted to proper authorities such state. And it suggests present inter-Allied black list committee act as conference committee proposed by War Trade Board resolution. Stewart.

NELSON PAGE

File No. 763.72112/10518a

The Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, October 14, 1918, 5 p. m.

5898. For McFadden [from War Trade Board]:

No. 368. Embassy's 5256, October 1, noon. Your 465. You state Ministry Blockade will hereafter present cases covering Switzerland, Spain, and Morocco to enemy trade license committee in Paris for its consideration and action. Presume they will also present cases covering Holland, Norway, Sweden, and Denmark to London conference and cases covering Western Hemisphere to Washington conference.

2. In your third you state Ministry of Blockade will not submit cases when the transaction is one which was started before undesirable participants were included upon the various black lists or became suspects. We do not understand this reservation. It is within this class that practically all the cases which seem deserving of license fall, and therefore it is this class of cases especially which we desire to have submitted to conference. For instance, a contract has been entered into for the shipment of goods with a person who later appears upon the black list prior to the shipment of the merchandise. The question arises, shall we permit the shipment and remission of

purchase price? Such a case is exactly the sort which we deem should be discussed. Our original plan which is in your hands contained certain exceptions beyond which we do not deem it desirable to go. Grimprel, French representative at Washington, agrees fully with our views and will so cable Blockade.

3. We reiterate our cable No. 367¹ stating that you should arrange that formal conferences be resumed, the various governments to participate to the extent to which they have agreed. The negotiations for full agreement will be continued.

LANSING

File No. 763.72112/10338

The Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, October 17, 1918, 5 p. m.

5937. For McFadden [from War Trade Board]:

No. 383. Your 437 [457], Embassy 5235, September 30, midnight; and your 485, Embassy 5350, October 1 [7], 11 p. m.² The Government of the United States has not yet been approached by the Spanish Government on the subject of trading-with-enemy list for Spain. Consequently, we cannot participate in any joint answer which may be sent by the British and French. If, however, the British and French propose making a more definite answer than that referred to your No. 437 [457], we would be glad to assist in presenting a unified front to the Spanish Government by agreeing that in their note they may state that the Government of the United States has been advised of their views as therein expressed and concurs therein. If this were done, we should, of course, desire first to study the form of note which the British and French would propose to deliver.

LANSING

File No. 763.72112/10519

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, October 21, 1918, noon.

[Received October 22, 3.35 p. m.]

5500. Bureau of Enemy Trade [from McFadden]:

No. 515. Referring Embassy [Department] No. 5898, October 14, 5 a. m. [p. m.], your 368.

1. Your presumption that French will also present cases covering Holland, Norway, Sweden and Denmark to London conference and

¹ See footnote 1, *ante*, p. 1067.

² Telegram No. 485 not printed.

cases covering the Western Hemisphere to Washington conference, as well as cases for Spain, Switzerland, Greece, and Morocco to Paris conference, is correct.

2. As to affairs or contracts *en cours* we had, before receiving your 368, already explained to the French Ministry of Blockade the importance of agreeing to submit these cases to the inter-Allied enemy trading license conference and they, desiring to cooperate in every way, had agreed to submit a certain number thereof as test cases to see if they were of interest to the conference. They informed us that they did not believe such cases interesting to the conference, as most of the transactions were small, but, given our explanation, they now agree to submit all cases except (a) cases where object is to pass the frontier, as for example see exception made by the Italian Government in Stewart telegram of October 11; (b) contracts or *affaires en cours* where an individual or firm in a neutral country is not an enemy and if the contract has already been commenced, as for example where the merchandise has already been shipped or reached France before the neutral individual or firm has been included in either the official or confidential list. This exception does not apply when the purchase price has been paid but the goods have not been shipped. In this respect French fix the governing date of inclusion in the list as follows:

- (1) For the official list, the date on which the publication in the list took place;
- (2) For the confidential list, the date on which the inclusion in the list became known to the French citizen who desired to treat with the listed person.

To sum up, the French will from now on submit:

- (a) All cases of licensing for new transactions whether—
 - (1) Between their nationals and individual[s] and firms in the published and confidential lists, and [or]
 - (2) Between their nationals and enemy individuals or firms;
- (b) Cases of licenses of contracts or *affaires en cours*—
 - (1) With listed individuals and firms when the contract has been made but no steps have been taken to forward the merchandise even though payment has been made,
 - (2) With enemy individuals and firms;
- (c) All cases involving question of principles, as for example, licenses of transit across France of merchandise coming from Spain and Switzerland containing more than 5 per cent of enemy raw material.

The objections of the French to submitting all contracts *en cours* except as noted above are the following:

- (a) They believe those which they have expected [*excepted*] are of small interest from an international viewpoint.
- (b) They believe that if all such cases were submitted it would be necessary to constitute a new committee and they have not the staff available for this.

In this connection they state that (1) the cases which they have executed will be handled by that [*sic*] Commission Inter-Ministerielle, and (2) the minutes of the meetings of this commission will be supplied to the delegates on the inter-Allied conference so that the Associated Governments will be cognizant of the action of the French commission and examine the cases that the commission handle to see if they are of interest to the Associated Governments or if they are cases which should be submitted to the inter-Allied conference.

- (c) Fear of delay in execution by the various committees especially as to Scandinavian countries of cases where the merchandise has already been shipped or reached its destination where quick action is necessary to save time and unnecessary expense in storage, etc.

To correct this, in cases which are to be submitted to the conference, we have suggested that the Paris conference should pass a resolution that the decision of the three conferences should become binding within say ten days against [*after?*] meeting, this being the same procedure adopted for blacklisting by the Paris inter-Allied blacklisting committee. French agree to this and a resolution to this effect will be passed at the next meeting of the conference, which resolution will be submitted to you [*sic*] allied Associated Governments for approval. French Ministry of Blockade are sending telegrams to their representative in Washington explaining this situation and the question of *affaires en cours* as it affects France.

3. Referring your 367.¹ We have presented same to French and they agree to commence regular meetings of conference from now on. The blacklisting committee already constituted will handle cases of enemy-trade finance. They further agree that negotiations for the settlement of full details shall be carried on at Washington. We have submitted this telegram of the French Ministry of Blockade and it expresses the views of the French Government thereon. We believe same to be in accord with your views, as expressed in your letter of July 1. If such is not the case, we feel sure the French agree to enlarge the scope of the Paris conference, as evidenced by the fact that they will from now on furnish us with the minutes of their Commission Inter-Ministerielle meetings for the purposes stated above. We suggest that the best method to insure quick action in establishing conference is for you to commence submitting cases

¹ See footnote 1, *ante*, p. 1067.

as soon as possible. It will be by experience and examples that the French can see exactly what you intend and desire. McFadden.

SHARP

File No. 103.96/1245

The Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, October 22, 1918, 5 p. m.

5976. For McFadden [from War Trade Board]:

No. 394. Your 476, Embassy's 5306, October 4, 12 noon,¹ and your 443, Embassy 5175, September 23, 11 p. m.¹ We approve in substance of the plan of September 7 accompanying your letter of September 11 for black list for Switzerland, as modified to meet objections of French.¹ We do not, however, favor the presentation of a joint note to the Swiss on this subject, believing that representations with respect to the black list should be kept informal. The substance of the note should therefore, in so far as United States is concerned, be orally presented. Of course, it is to be kept clear, as matter of record, that the War Trade Board bases its black list upon the recommendations of its own representative and is not bound by the decision of the Paris or Berne committees.

LANSING

File No. 763.72112/10412

The Secretary of State to the Ambassador in Italy (Page)

[Telegram]

WASHINGTON, October 23, 1918, 8 p. m.

1788. For Stewart [from War Trade Board]:

No. 26. Embassy's 2122, October 10 [11], 6 p. m. Exceptions outlined are in accordance with those proposed by War Trade Board. Express our gratification at success of these negotiations. Formal conferences now taking place at London, Paris, and Washington.

LANSING

File No. 763.72112/10610

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, October 30, 1918, 9 p. m.

[Received October 31, 2.41 p. m.]

5638. War Trade Board, Bureau of Enemy Trade [from McFadden]:

No. 549. At the meeting of the trade license conference, the following resolution was adopted, subject to the approval of the Associated

¹ Not printed.

Governments, for the purpose of (1) avoiding delay in decisions of the various conferences becoming effective, and (2) giving the various Associated Governments a fixed time in which to register an objection to such decisions:

In order to avoid delay in the execution of the decisions taken by the Inter-Allied Trade License Conferences at Paris, London, and Washington, it is resolved that decision of the said conference shall become binding upon the various governments whose representatives participate therein, after a lapse of ten days from the date of the meeting at which such decision is taken unless objections are registered by one of the Governments before the period of ten days [has] passed.

Please instruct if you agree. Please advise Frothingham to whom we are sending copy of this telegram. McFadden.

SHARP

File No. 763.72112/10727a

*The Secretary of State to the Chargé in Great Britain (Laughlin)*¹

[Telegram]

WASHINGTON, October 31, 1918, 7 p. m.

2550. For Sheldon [from War Trade Board]:

No. 1538. For your information, following is statement of present scope of the jurisdiction of the inter-Allied enemy trading license conference.

The United States and Italy have agreed fully to the original proposals of the United States Government. Such proposals cover all cases where one of the Associated Governments desires to authorize a transaction in which enemy persons, persons on the statutory list, or persons on the confidential list, were involved, with the exceptions set out in the original proposal. The original proposals of the United States were outlined to you in Department's 2, our 754, July 2.²

France has agreed to submit all cases covered by our original proposal except transactions with listed persons not enemy nationals, where execution of the transaction has commenced. They have further defined this as:

(1) Cases "where payment has been made."

We have assumed in our assenting answer to the French that by this is meant cases where the French applicant for license has paid for merchandise, etc., and now desires to receive the merchandise for which he has paid.

¹ The same, *mutatis mutandis*, on the same date, except for omission of last paragraph, to the Ambassador in France, No. 6123, for McFadden, No. 409 (File No. 763.72112/10727b).

² *Ante*, p. 1030.

- (2) Cases "where a shipment has already arrived at its destination;" and
- (3) Cases "where shipment is in transit."

We have taken the assumption that in either of these latter two situations if the merchandise is moving to France and payment had not been made by the French national involved, no payment would be allowed. We have assented to these exceptions, as cases of this sort are regularly licensed by the War Trade Board when application is made and there would seem to be no reason for insisting upon submission to the conference.

The British have agreed to the original proposals with the following exceptions: They reserve from submission to conference transactions involving importation into Great Britain, and purely financial transactions, where a person on the confidential list in Norway, Sweden, Denmark, or Holland is involved. The reason for such reservation, it is stated, lies in administrative difficulties owing to the vesting of jurisdiction over enemy-trade matters in several departments of the Government. This, we recognize, would produce a serious difficulty, but we feel that it should be overcome.

You are instructed to take part again in formal conference. Each Government will submit cases up to the limit to which it has agreed.

The situation with reference to Italy and France is permanently satisfactory. With reference to Great Britain, we are still convinced of the great desirability of complete agreement on their part. Our reason for this conviction is not so much a desire to prevent the practical difficulties which may arise from uncoordinated action which, in the case of the comparatively slight reservations which the British make, would be probably negligible, but because of the extremely salutary effect upon trade relations between the Allies which a completely open policy will have, especially with a view to after-the-war relations. It is for this reason that we do not feel able to accept without protest the British proposal that their method be given a trial for a few months, and then, if it is not satisfactory, that negotiations be reopened.

We confirm our instructions to you in Department's 1249, our 1182, September 7, 2 p. m.,¹ to urge upon the British Government that they give full agreement to the original conference proposal. The French and Italian delegates are recommending to their Governments that similar instructions be sent to their respective delegates in London. Confer with the French and Italian delegates in London and act in concert with them. We feel that strong pressure from Italy, France, and the United States will produce the desired result.

LANSING

¹ Not printed.

File No. 763.72112/10609

The Minister in Switzerland (Stovall) to the Secretary of State

[Telegram]

BERNE, *October 30, 1918, 3 p. m.*

[Received November 1, 2.30 a. m.]

5490. For War Trade Board [from Heck¹]:

No. 238. Your 394, Department's 5976, October 22, 5 p. m., to McFadden. Refer to despatch from this Legation, No. 4379, September 3, 1918, transmitting note of Swiss Political Department dated August 31 concerning proposed black list, especially first paragraph.² Am requested by members of inter-Ally commission to submit to you great desirability of having United States included in the joint official reply which would be presented by the French Embassy, Helsingborg [Switzerland?], in the name of the four Governments interested, in the form submitted to you by Stetson. Until this Swiss note of August 31, all negotiations concerning black list were conducted informally with the S[ociété] S[uisse de] S[urveillance Economique] and the probable effect of the proposed joint reply will be to have the negotiations restored to this informal basis of negotiations with S.S.S. Under instructions in War Trade Board 84, Department's 2572, August 20,³ we strongly supported earlier representations made to S.S.S., and inter-Ally commission believes our representations would now be less valuable if only communicated orally. Heck.

STOVALL

File No. 763.72112/10627

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, *October 31, 1918, 10 p. m.*

[Received November 2, 11.43 a. m.]

5646. War Trade Board [from McFadden]:

No. 552. 1. Since, as a result of recent military events, certain portions of Belgium have been freed, and direct trade intercourse has been restored, especially with Holland, it is suggested by the French Government that the Belgian Government be requested by the Associated Governments (1) to adopt the enemy trade lists of the Associated Governments for the various neutral countries, especially for Holland and Scandinavian countries, and (2) to formulate the necessary programme of trade control, such as censorship, licensing of commodities, etc., in order to render the blockade of the Central

¹ Lewis Heck, of the War Trade Board mission in Switzerland.² Despatch and note not printed; they are summarized in telegram No. 4624 from the Minister in Switzerland, Dresel's No. 149, Sept. 7, *ante*, p. 1057.³ *Ante*, p. 1037.

Powers effective. French are sending a communication to the Belgian Government in this sense and suggest that the United States send a similar communication. French are advising their representatives in London and Washington of the above.

2. In order to make the cooperation of the Belgian Government more complete, we suggest for your consideration, and in agreement with the French, that Belgium might also be asked to appoint delegates to the Inter-Allied Black Listing Committee and the Enemy Trade License Conference in Washington, London, and Paris. Please instruct what steps, if any, you desire us to take in requesting the Belgian Legation, Paris, to appoint a delegate for Paris conferences, and inform us what action, if any, you may take in the premises.

We are communicating this telegram to Frothingham, London, who will advise you of British viewpoint on both paragraphs 1 and 2, on which we have no information. McFadden.

SHARP

File No. 763.72112/10660

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, November 4, 1918, 11 p. m.

[Received November 5, 10.16 a. m.]

5714. War Trade Board [from Stetson]:

No. 566. Referring Department's 5937, October 17, your No. 383.¹ We are advised by His Britannic Majesty's delegate, Paris, that (1) British Government will not make a more definite reply to Spanish note protesting against the black lists than that already made, (2) it is therefore not necessary to ask you to say anything to the Spanish Government at the moment, and (3) that the matter can be dropped unless further action is taken by the Spanish Government. We would appreciate being kept informed when any protest is received by you and, if so, what answer you make. Stetson.

SHARP

File No. 763.72112/10610

The Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, November 8, 1918, 3 p. m.

6206. For McFadden [from War Trade Board]:

No. 425. Embassy's No. 5638, October 30, 9 p. m., your 549. Because of delay involved, we are unable to concur in resolution of Paris conference. All members of Washington conference agree that action of the conference should become effective immediately. Frothingham notified as requested.

LANSING

¹ *Ante*, p. 1069.

File No. 763.72112/10715

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, November 8, 1918, 6 p. m.

[Received November 9, 2.24 a. m.]

5766. War Trade Board [from McFadden]:

No. 575. Referring Department's 6124 [6123], October 31, 7 p. m., your 408 [409].¹ We are [have] submitted substance of this telegram and are informally advised by the French Government (1) that the words, "Where payment has been made," are intended to cover only cases where payment essentially in full has been made; (2) that in the case where "merchandise is in transit" if the merchandise in question is moving from the listed party to France, no payment will be permitted by the French national to the listed party; (3) that they are telegraphing their representative in Washington in this sense; (4) that they are telegraphing their representative in London requesting him to urge British Government to agree to your proposals. McFadden.

SHARP

File No. 763.72112/10609

The Secretary of State to the Minister in Switzerland (Stovall)

[Telegram]

WASHINGTON, November 11, 1918, 7 p. m.

3316. Legation's 5490, October 30, 3 p. m., 238 from Dresel [Heck?]. Department does not desire that the United States should make a formal demand upon the Swiss Government that that Government itself recognize the statutory list of the United States, although no objection is perceived to the S[ociété] S[uisse de] S[urveillance Economique], a private institution acting primarily as consignee of goods received from the Associated Governments, recognizing our statutory list. It is suggested, therefore, that the last phrase of the French project of note to the Swiss Government be changed to read substantially as follows:

The four Governments have the honor to propose to the Federal Government that the Federal Government withdraw any objections which it may have entertained to the acceptance by the S.S.S. of the annexed proposal.

Provided this change is acceptable to your British, French, and Italian colleagues, you are authorized to join with them in presentation of the note as amended in accordance with the foregoing.

¹ See footnote 1, *ante*, p. 1073.

This cable is sent after conference with Dresel and he approves of the same. A copy of this cable is being sent to McFadden.

LANSING

File No. 763.72112/10728

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, [November 11, 1918.]

[Received 10.17 p. m.]

3618. War Trade Board [from Frothingham]:

No. 1846. Bureau of Enemy Trade. Your 1538, Department's 2550, October 31, 7 p. m. British have now arranged deliver to French and Italian delegates on inter-Ally review committee copies of all confidential list permissions as issued by Foreign Office for current period of three weeks. If after examination of permissions for this period Allied delegates are unable to accept British viewpoint of licensing conference, Foreign Office assures me will yield to majority opinion in light of the British administrative and censorship arguments for maintaining such classes of permissions as exceptions. Please telegraph me decision you have reached after examining copies of British permissions enclosed in my letters 11030, September 4, and 11184, September 20, to Fuller, 11247, September 27, 11324, October 4, etc., to hand subject trading with firms on confidential black list.¹ While I sympathize with British reasons for asking that exceptions be made of these classes, I have argued throughout that Allied conference principle is of first importance and I have insisted that it would be better to subject all permissions to inter-Allied conference until such time as it was definitely established that such action was not practicable. In cases British wished to except, physical difficulties of such conference control have been overestimated. If necessary, inter-Allied conference can arrange to meet three or more times per week to discuss licensing questions. Your verdict as to weight of British arguments for these exceptions after review of the various permissions you have already received should definitely settle the matter, and I await your instructions.

In order to speed up action here, may I suggest that instead of refusing import licenses for transactions involving shipments from northern neutral firms on confidential black list, you either grant import facilities forthwith according to merits of case or telegraph such items to me for immediate decision by inter-Allied conference here. Frothingham.

LAUGHLIN

¹ Not printed.

File No. 763.72112/10787

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, November 16, 1918, 6 p. m.

[Received November 17, 10.17 a. m.]

5873. War Trade Board [from McFadden]:

No. 604. Referring to Department's 5873 of October 11, your No. 366. We are advised by French Ministry of Blockade that they have invited Japanese delegate to participate at Inter-Allied Black-Listing Committees and Enemy Trade License Conference, but that no definite answer has been given, though a representation of Japanese Embassy here has had informal discussion with Blockade on question. We will keep you advised. McFadden.

SHARP

File No. 763.72112/10727a suppl.

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, November 18, 1918, 4 p. m.

2883. For Sheldon [from War Trade Board]:

No. 1643. Frothingham. Supplementing Department's 2550, our 1538, October 31, 7 p. m., Embassy's 3618, your 1846, November 11. In our view licenses are allowed at discretion as exceptions to general rule of prohibition because of the special circumstances of each particular case. Submission of copies of permissions after allowance is not helpful because not practicable to deduce therefrom any general rule to govern exceptional cases. Desirable that there be harmony of action secured through conference as cases arise rather than protest after action taken.

Your suggestion respecting imports from northern neutrals corresponds to present practice.

LANSING

File No. 763.72112/10817

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, November 20, 1918, 9 p. m.

[Received 10 p. m.]

5935. War Trade Board, Bureau of Enemy Trade [from McFadden]:

No. 617. Referring to Department's 6206 of October 13 [November 8], your 425. French Government are in accord with your views that decisions of enemy license conferences should become effective at once and are advising their representatives in Washington and London to this effect. McFadden.

SHARP

File No. 763.72112/10627

*The Acting Secretary of State to the Ambassador in France
(Sharp)*

[Telegram]

WASHINGTON, December 2, 1918, 8 p. m.

6510. For McFadden [from War Trade Board]:

No. 453. Embassy 5646, October 31, 10 p. m., your 552. We are prepared to adopt the suggestion of the French Government that the Belgian Government be requested to adopt an enemy trade list and to join in the various measures of trade control adopted by the Government of the United States. A communication in this sense is being addressed by the Department to the Belgian Legation at Washington.

We are prepared in agreement with Great Britain, France, and Italy to invite Belgium to appoint delegates to the Inter-Allied Black-List Committee and enemy trade license conferences in Washington, London, and Paris. You are authorized, provided your colleagues concur, to join with them in requesting the appointment of a Belgian delegate for the Paris conferences, and, provided the British, French, and Italian representatives here agree, we shall invite the Belgian Legation, Washington, to appoint a representative to attend the Washington conferences.

POLK

File No. 763.72112A/5226a

*The Acting Secretary of State to the Diplomatic and Consular
Officers in Latin American Countries*

[Circular telegram]

WASHINGTON, December 16, 1918, 6 p. m.

In order that the Allied nations may not be embarrassed or interfered with in any way in their prompt handling of all readjustments which changing conditions may make necessary in the enemy trading or statutory lists, whether published or confidential, you are instructed to advise any local association or associations of Allied business houses to discontinue forthwith any black list published by them or inspired by them, which is at variance with the official lists made public by the Allied Governments under the direction of the properly constituted boards. At the same time you will express to the associations of Allied business houses which may be found within the district under your jurisdiction, the appreciation of the War Trade Board for their active and effective cooperation in preventing enemy houses from receiving American merchandise. Repeat to consuls.

POLK

File No. 763.72112A/5402a

*The Acting Secretary of State to the Ambassador in Mexico
(Fletcher)*

[Telegram]

WASHINGTON, December 21, 1918, 2 p. m.

1735. Japan is now participating enemy trade conferences London, Paris, and Washington. You are authorized in conjunction with your British, French, and Italian colleagues to invite representative of Japan to participate in inter-Allied conferences on proposed changes in black lists.

POLK

ATTITUDE OF THE ASSOCIATED GOVERNMENTS TOWARD NEUTRAL
SHIPS CARRYING GERMAN SAFE-CONDUCTS

File No. 763.72/9895

The Minister in Norway (Schmedeman) to the Secretary of State

[Telegram]

CHRISTIANIA, May 7, 1918, 2 p. m.

[Received 11.45 p. m.]

709. An official German announcement, dated April 27 last, has been republished here embodying an addition to section 55(c) of the German prize regulations of September 30, 1909. The addition is as follows in translation:

A neutral ship is to be considered as running in enemy belligerent interest, in so far as circumstances do not show the contrary, when the state whose flag the ship is entitled to fly has ceded tonnage by agreement to an enemy state, or when the preponderating share of the neutral country's active merchant fleet runs in enemy service. This regulation takes effect on the day of publication.

Minister of Foreign Affairs informed me today that he was not disturbed [by] the effect of this announcement on ships carrying supplies to Norway, but that the German Minister here had telegraphed his Government for further information regarding the new regulation. Minister of Foreign Affairs said that he would keep me informed in the matter.

SCHMEDEMAN

File No. 763.72112Sa/16

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, June 8, 1918, 1 p. m.

[Received 3.17 p. m.]

10509. War Trade Board [from Sheldon]:

No. 748. I am informed that in consequence of an agreement between Germany and Sweden the Germans will grant safe-conduct let-

ters to Swedish steamers carrying noncontraband cargoes under the general agreement between Sweden and the Associated Governments and also to those ships proceeding to oversea countries outside the war zone. Swedish authorities request that permission be granted to carry these letters in such cases as vessels chartered for the Belgian Relief. British agree. Please confirm.

LAUGHLIN

File No. 763.72112Sa/16

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, June 19, 1918, 11 p. m.

8326. For Sheldon [from War Trade Board]:

No. 681. Your 748, Embassy 10509, June 8, 1 p. m. We feel that the subject of neutral vessels carrying German safe-conducts should receive very careful consideration. Safe-conducts to vessels engaged in Belgian relief may be justified since they are engaged in transporting goods destined to pass through the enemy's lines and which goods are therefore subject to stoppage by him. The German Government now, however, appears to be adopting the practice of issuing safe-conducts which are nothing more than an assurance that the giver of the safe-conduct will not accomplish that which under international law he is forbidden to do. The safe-conduct thus becomes a device to insure control of neutral shipping through a threat to seize illegally neutral vessels not accepting this control. Unless the Associated Governments take effective steps to meet the situation, neutral shipping generally may soon be subject to enemy control in a manner which will be as effective as the control which we exercise by virtue of our bunker control. We feel that the Associated Governments may shortly desire to take the position that such safe-conduct as is now being issued by the German Government constitutes in itself a certificate that the vessel is operating subject to a form of German control. Certainly we should do nothing at the present time which should preclude us from some such action in the future should it become desirable, and we should not in any way formally acquiesce in this German system of safe-conduct.

In accordance with the foregoing views we are not prepared to give any formal consent to Swedish vessels carrying letters of safe-conduct, such as suggested in your 748; on the other hand, should Swedish vessels elect to carry such safe-conducts without our official knowledge or acquiescence, we see no objection to their doing so at the present time.

LANSING

File No. 763.72112Sa/80d

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, June 29, 1918, 6 p. m.

8518. For Sheldon [from War Trade Board]:

No. 745. Recent modifications of German prize regulations relating to safe conducts and indicating an assumption to control neutral shipping throughout the world require careful consideration. Referring to Norway, the German Government is apparently demanding bond that the ship will return to Norway, list of passengers and crew, and assurance that return cargo is exclusively for Norway and will not be reexported. Referring to Sweden, we are informed that the German Government will grant safe-conduct letters to Swedish steamers carrying non-contraband cargoes under the general agreement between Sweden and the Associated Governments and also to those ships proceeding to oversea countries outside the war zone; that Swedish authorities have requested permission to carry these letters in such cases as vessels chartered for Belgian relief, to which British have agreed. Referring to Denmark, we are informed of a suggestion that safe conducts would be delivered to ships chartered solely for carrying food supplies for Denmark and that all other Danish ships would be sunk. Referring to Holland, we are informed that Germany is not now granting safe conducts to Dutch vessels in other than Scandinavian trade, until similar vessels leave an oversea port, nor to vessels calling at enemy ports carrying contraband, even though destined for neutral countries, unless there are assurances that the contraband will not be unloaded in enemy ports, nor until passengers, crew, and cargo lists have been approved by the German Legation. Referring to Spain, we are informed that the Germans are to demand the carriage of safe conducts by Spanish vessels and that the French Ambassador has lodged a protest with the Spanish Government. Referring to Switzerland, an agreement of April 24 provides that safe conducts will be granted to both neutral and enemy vessels carrying necessities of life for Switzerland, provided the conditions of the agreement are complied with.

Please carefully study this question and keep us advised of all developments therein; also informally ascertain and advise us of the attitude of British Government towards general problem of control of neutral shipping raised by new German policy and their views as to whether, and, if so, how we can assist neutrals to resist such German control. We feel that the Associated Governments should give careful consideration [with a view] to adoption of uniform attitude on this subject. We are sending a similar cable to McFadden.

LIANSING

File No. 763.72112Sa/1

The Secretary of State to the Minister in Norway (Schmedeman)

[Telegram]

WASHINGTON, July 6, 1918, 6 p. m.

374. Legation 756, May 24, 8 p. m., 789, June 7, 8 p. m., and 792, June 8, 7 p. m.¹ Recent modifications of German prize regulations relating to safe conducts indicate an assumption to control neutral shipping throughout the world. As a condition precedent to the issuance of safe conducts, the German Government is requiring from some neutrals and appears likely to require from others full information regarding cargoes, passengers, and crews, and is assuming to regulate course of voyage and nature and destination of cargo. Ships not having safe conducts are liable to be sunk. After showing this cable to Dye and discussing it with him, please cable the Department, for War Trade Board, any further information you may have or hereafter receive on this subject, or on the attitude of the Norwegian Government, towards the general problem of the control of neutral shipping raised by this new German policy, and its views as to whether, and, if so, how, we can assist neutrals to resist such German control, but refrain as much as possible from discussing the matters set forth in this cable with the Norwegian Government. A similar cable has been sent to representatives of this Government in other European neutral countries and to its representatives at Paris and London.

LIANSING

File No. 763.72112Sa/5

The French High Commissioner (Tardieu) to the Secretary of State

No. 25003

WASHINGTON, July 8, 1918.

[Received July 9.]

MR. SECRETARY: By a decree dated April 27, 1918, the German Government has declared that a neutral boat would be considered as sailing in the interest of the enemy's war operations, when the major part of the merchant marine of the state, under whose flag it stands, would sail in behalf of the enemy, or when that state would have entered into an agreement with an enemy state entailing cession of tonnage.

The German Government, on the other hand, in order to impede our sailings, forces neutral vessels to provide themselves with safe-conducts delivered by the German consuls and thereby controls cargoes at the sailings from neutral ports.

¹ None printed.

This situation has alarmed the Allied Governments and the American War Trade Board has laid it before its representative in Paris.

After studying the question, the French Government is of opinion that the only appropriate measure is to consider all neutral boats met on high seas, or in our ports, which should be provided with German safe-conducts, as boats in the service of the enemy.

It has therefore decided to issue a decree as follows:

ART. 1. The neutral vessels, which will be provided with safe conducts delivered by the enemy authorities [and not recognized by the Allied Governments¹] will be considered, if no proofs are furnished to the contrary, as sailing in the interest of the hostile operations of the enemy and, on this account, will be liable to seizure and confiscation, together with their cargo.

ART. 2. The Ministers of the Navy, of the Blockade and for Foreign Affairs are entrusted, each one for his own department, with the carrying out of this decree.

I am instructed by my Government to bring the above facts to your knowledge and to ask you to kindly let me know whether the American Government is inclined to take measures of a similar nature.

Accept [etc.]

For the High Commissioner:

BILLY

File No. 763.72112Sa/4

The Minister in Norway (Schmedeman) to the Secretary of State

[Telegram]

CHRISTIANIA, July 9, 1918, 3 p. m.

[Received 10.34 p. m.]

874. Department's telegram No. 374, July 6. Minister for Foreign Affairs informed me this morning that a delegation representing Norwegian shipowners will shortly proceed to Berlin for the purpose of discussing with the German authorities the question of safe conduct for Norwegian vessels. He stated that the main object of the visit of the delegation to Berlin is to get a definite statement of German desires in connection with these safe conducts, but that the delegation would have no power to negotiate. He added that the delegation was more particularly interested in insuring the safety of the passenger vessels *Bergensfjord* and *Stavangerfjord*. Minister for Foreign Affairs also said that Sweden and Denmark were sending similar delegates and that when the Norwegian delegation returned from Berlin he hoped to obtain sufficiently clear information to enable this Government to formulate a policy.

SCHMEDEMAN

¹This correction was contained in a letter of July 15 from the High Commissioner (File No. 763.72112Sa/14).

File No. 763.72112Sa/121

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, July 10, 1918, 6 p. m.

[Received July 11, 10.40 a. m.]

2452. Your 910, July 5, 6 p. m.¹ The question of safe-conducts was agreed to by Sweden during the conferences held at Berlin previous to the signing of the Allied-Swedish agreement. Safe-conducts apply to ships importing Sweden and those carrying on Sweden's legitimate trade with neutrals, but not those carrying [on] a trade which serves Germany's enemies. Germany declared also that ships which could have secured safe-conducts, but failed to do so, would have to suffer the consequences. The Swedish delegates declared that they do not consider safe-conducts from Germany a favor, as advantages were mutual, and that they only accepted them because the security given to Swedish imports more than compensated for other disadvantages. Upon Germany giving full information about the safe-conduct certificate, Sweden objected that the most difficult condition was the obligation not to include articles on German contraband list in her exports to belligerent countries.

In my interview with the Minister for Foreign Affairs this morning I brought up the question of safe-conducts, and he stated that ships going to America carrying contraband would of course not receive a safe-conduct, but would receive one on the return voyage if carrying supplies for Sweden under the agreement. One of the principal objects of the safe-conducts is to avoid having Swedish boats taken into German ports for examination. As to the general problem of control, he did not seem to resent it, apparently considering that if Germany really desired to stop Swedish vessels she would either take or torpedo them even in territorial waters, and that therefore anything that Sweden could do towards insuring the arrival of supplies under the agreement was a clear advantage.

In reply to a query as to whether it would not be possible to load cargoes from Narvik, he said that it was not, as there was only a single line of rail and the traffic could not be handled.

He loaned me a copy of one of the safe-conduct warrants and following is a translation:

SAFE-CONDUCT CERTIFICATE

On the basis of the agreement made between the Imperial German Government and the Royal Swedish Government it is certified here-

¹Not printed; see telegram to the Minister in Norway, No. 374, July 6, ante, p. 1084.

with that the Swedish steamer -----, master -----, home port -----, distinguishing signal -----, with a cargo for -----, from -----, is destined to -----, via -----.

German naval forces have instructions to grant the ship unrestrained passage if the following conditions are fulfilled:

1. The ship sails outside of the danger zone, to be equipped with a visible neutral sign, flies the Swedish flag day and night, carries at night the prescribed lights, and does not sail in enemy escort.
2. The ship is on its way in direct route to the next port indicated after copying [in this?] safe-conduct certificate.
3. The ship fulfils the instructions of a ship of the German naval forces if stopped.
4. The boat has no other cargo on board than that specified in the manifest.

Should one of these conditions or any other provision of this safe-conduct certificate not be fulfilled, the ship loses every right to preferential treatment. This safe-conduct certificate is valid only for the present voyage. It is to be given up immediately after arrival in the specified port, that is, in a neutral European port, to the nearest German consulate, otherwise to those authorities empowered to issue safe-conduct certificate.

MORRIS

File No. 763.72112Sa/7

The Chargé in Denmark (Grant-Smith) to the Secretary of State

[Telegram]

COPENHAGEN, July 11, 1918, 3 p. m.

[Received July 12, 12.15 a. m.]

2493. Your 955, July 5, 6 p. m.¹

The German shipping demands made of neutrals are a direct result of the agreements now being concluded between them and ourselves. A counter-move was inevitable. I am informed that they demand that Norway deposit in Germany 1,000 crowns per ton dead weight for each ship applying for safe-conduct previous to departure, as guaranty. Disputes to be adjudicated by German courts. Should this excessive figure prove accurate, it would indicate an intent to preclude compliance, while ostensibly throwing the blame on us.

The German desire is of course through extreme pressure applied to neutrals to obtain the release by the Associated Governments of as much tonnage as possible, and to secure a hold over them for *post bellum* service. The effect on exchange as the result of such deposits would at once be marked. I have assurances from reliable sources that the Germans have made no new demands of Denmark, but they fear the influence of Von Hintze at Berlin. One American inter-

¹Not printed; see telegram to the Minister in Norway, No. 374, July 6, *ante*, p. 1084.

ested in shipping stated that it appeared now to be Germany's policy to avoid sinking neutral ships on account of after-the-war trade, and also because it was to her interests to encourage the import into Denmark of as much goods as possible, knowing that a portion must leak through into Germany.

Denmark has a long-standing shipping agreement with Germany, a copy of which I have never succeeded in obtaining, but Mr. Foss yesterday assured me that it contained nothing inimical to the interests of the Associated Governments. I would suggest that the delegates be requested to produce it, or to cause a copy to be confidentially communicated to me here.

Should need arise, the only way to meet such a situation as regards this country would seem to be by threatening to decline to sign an agreement with Denmark, and to dispose of her tonnage as we saw fit, for the purpose of placing her in a position to plead *force majeure* to the Germans. A consequent public announcement to the effect that we were forced in the circumstances to withhold bunkers from all ships bound for Denmark in spite of our keen desire to supply them with certain commodities, might possibly stir the country to such an extent that sufficient public pressure might be exerted to cause a sensible diminution for a time of the export of foodstuffs to Germany and thus cause the latter to modify her attitude. The policy of the Danish Government seems to be one of helpless acquiescence. Copy to London.

GRANT-SMITH

File No. 763.72112Sa/3a

*The Acting Secretary of State to the Ambassador in France
(Sharp)*

[Telegram]

WASHINGTON, July 15, 1918, 6 p. m.

5021. For McFadden [from War Trade Board]:

No. 193. We have decided to permit auxiliary sailing vessels, chartered to or for the account of the Swiss Government and holding safe conducts from Germany, to traverse the submarine danger zone with goods destined for Switzerland.

POLK

File No. 763.72112Sa/13

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, July 16, 1918, 10 a. m.

[Received 11.10 a. m.]

342. War Trade Board [from Sheldon]:

No. 1016. Referring to your 745, Department's 8518, June 29, 6 p. m. Foreign Office advises me that British authorities feel in

general that although German prize regulations raise questions of considerable difficulty, no drastic or immediate action is necessarily called for. They are of the opinion that a neutral vessel trading in Allied interests in any manner would be sunk quite apart from any safe-conduct promise and that vessels which are in purely neutral service are likely, generally speaking, to be more or less immune. They do not think a safe-conduct policy would have any fundamental effect on the situation. They wish, however, to study the matter further and, accordingly, a meeting is to be held next week after which I will cable you again.

LAUGHLIN

File No. 763.721128a/13

The Acting Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, July 23, 1918, 7 p. m.

363. For Sheldon [from War Trade Board]:¹

No. 896. Your 1016, Embassy's 342, July 16, 10 a. m. We are unable to concur in view of Foreign Office that Germany's proposed system of safe-conducts does not have any fundamental effect on the shipping situation. While it is doubtless correct that neutral vessels trading in Allies' interests will be sunk when any opportunity affords, nevertheless the safe-conduct system will permit of the classification of neutral tonnage into two categories: (1) vessels operating to some extent in Allies' interest and consequently not receiving safe conducts, and (2) neutral vessels operated to no extent whatever in the Allies' interest, but primarily in the interest of the neutral and also of the enemy. Heretofore neutral shipping, aside from that chartered to us, has practically all been performing some service to the Allies. These vessels will now in large part be precluded from rendering such services and the tendency will be to increase the number of vessels which will be entitled to safe-conducts through subjecting their cargoes, passengers, crew and destination to German visa. We point out that under proposed system it will become exceedingly difficult to supply northern neutrals goods required for the production of exports to the Allies. Also we must anticipate that this German system will be utilized to break down our system of control through consignment to approved agency. We are confronted by an instance of this in attempt of Germany to utilize safe conducts to prevent exports from Norway to Holland being consigned to the N[etherlands] O[versea] T[rust]. We also see evidence in the case of Swedish shipping of an unwillingness of Sweden to permit

¹ See last paragraph for instruction to repeat to McFadden in Paris.

their ships to perform, incidentally, service which may be useful for the Allies, for fear that this will jeopardize their chances of obtaining safe-conduct. There is furthermore a distinct benefit to Germany in definitely assuring itself in advance that a large block of shipping will not assist Allies, since that will facilitate German naval operations and permit concentration of efforts against shipping not supplied with safe conducts.

We are not yet clear in our own minds as to what policy we should adopt, but we are giving careful consideration to a request from the French Government that we should conform to the decision which they have taken to treat vessels bearing such a safe conduct as proper subjects for prize-court proceedings. You are authorized to present our views as above expressed to the British authorities, and we shall be glad to receive as soon as possible an indication of the conclusion which the British reach as a result of the further study which you state they are giving this matter.

Repeat to McFadden.

POLK

File No. 763.72112Sa/23a

The Acting Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, July 25, 1918, 7 p. m.

403. For Sheldon [from War Trade Board]:

No. 926. Special meeting of War Trade Board was held yesterday, July 24, to consider situation arising from Germany's threatened control over neutral shipping by "safe conduct" system. There were also present Crawford, Fisher, and Hudson of the British Embassy, and Grimprel of French High Commission. After exhaustive discussion it was generally agreed that the situation should not be temporized with, but that the Associated Governments should promptly make clear to the neutral governments concerned the consequences which acceptance of German control might entail. It was felt that if Germany is permitted unopposed to institute her system of control by safe conduct, it will be inevitable that such control will gradually be extended and developed to a point where the Associated Governments will be bound to take notice and oppose the same. Since such development appears to be inevitable, we are strongly of the opinion that the Associated Governments should take immediate action before the neutral governments and peoples are accustomed to this device, while the neutral governments are still protesting against German pressure and might be aided by the statement of our position, and while military developments are

favorable. The following proposal was adopted by the War Trade Board and has since been approved by the Department of State:

1. The Associated Governments (Great Britain, France, Italy, and the United States) will through diplomatic channels, simultaneously and as promptly as possible, communicate to the European neutral governments an identic communication, the substance of which will be as follows:

The Associated Governments are reliably informed that the German Government now is attempting to control neutral shipping generally through a new device improperly termed a "safe conduct," which constitutes in fact but a threat of illegal condemnation or destruction unless German control is accepted. Such control would extend to German supervision of the personnel of passengers and crew, the character and consignment of cargo, mails, etc., and the movements of the vessel itself. Large sums of money must in at least certain instances be placed under the control of the German Government by the neutral shipowners, this being in effect but a forced loan. The Associated Governments observe that such control may operate to deprive vessels accepting the same of their neutral character, and the Associated Governments accordingly reserve the right to deal with any vessel which has subjected itself to enemy control as the circumstances in each case may warrant.

2. While the foregoing communication will be made through diplomatic channels, it must be anticipated that the attitude of the Associated Governments will become publicly known. It may, indeed, be deemed desirable for the Associated Governments to make a public statement along the lines of the communication above referred to. In any case, special steps will immediately be taken through press dispatches, etc., to inform neutral peoples of the details of German threats and of the control which they would impose, and to educate these peoples as to the consequences which such control would entail according to the general accepted principles of international law. Unless this is effectively done, German propaganda may result in putting us, in the eyes of the neutral world, in the position of attempting to tie up neutral shipping with the object of nullifying the trade agreements recently concluded.

It will be noted that the above proposal does not definitely commit the Associated Governments to any specific form of action in the event that, despite their observations, neutral shipping accepts enemy control. It is felt that the course to be adopted in this contingency should be left for determination in view of the specific circumstances which may call for such decision.

We have given a copy of the above-quoted proposal to the British Embassy and the French High Commission which, we understand, have cabled the same to their respective governments with, we believe, expressions of their approval of the course therein outlined. We expect also to discuss the matter with the Italian Embassy.

The Foreign Office will doubtless discuss this matter with you and, in the event that they do so, you are instructed to endeavor to secure the concurrence of the British Government in the foregoing proposal.

Please cable as very confidential a copy of the foregoing proposal to the American Legations at The Hague, Stockholm, Christiania, and Copenhagen, with request that they cable the Department an express[ion] of their views. We are cabling McFadden in terms similar to this cable to you and requesting him to repeat our proposal to the American Embassy at Spain.

Upon receiving your report, State Department will instruct diplomatic representatives.

POLK

File No. 763.72112Sa/83

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, July 27, 1918, 5 p. m.

[Received July 28, 2.36 a. m.]

650. War Trade Board [from Sheldon]:

No. 1115. At conference at Foreign Office this morning at which Taylor and I attended, the suggested text in your No. 926, Department No. 403, July 25, was generally approved by British Government and the French delegate. It was pointed out that unless you had specific proved knowledge that actual money as distinct from a guarantee or a bond had been required of shipowners, it would be advisable to modify your text as to "sums of money being placed under control of German Government which would be in effect a forced loan." It was further thought that the following paragraph might, to advantage, be added to your text:

It should be clearly understood in any case that a ship sailing under such an enemy "safe conduct" will render herself liable to be detained until the conditions which the enemy Government has attached to the issue of such "safe conduct" have been ascertained and scrutinized in order that such action may be taken as the circumstance may be deemed to warrant.

It will be noticed that the foregoing differs slightly from the text proposed in my No. 1097, Embassy No. 580, July 25.¹ It is hoped that as soon as the definite text has been decided it will be communicated to the several ministers of the four Associated Governments in Norway, Sweden, Denmark, Holland, and Spain, with instructions to hand the identical notes to the Governments mentioned as soon as all the ministers have received their instructions, and that the ministers be instructed to publish the text as soon as it has been delivered

¹ Not printed.

by them to the various Foreign Offices. I have telegraphed very confidentially a copy of your No. 926 to our Scandinavian and Holland Ministers, as well as this message.

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File No. 763.721128a/83

The Acting Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, August 5, 1918, 8 p. m.

624. For Sheldon [from War Trade Board]:

No. 970. Your 1115, Embassy 650, July 27, 5 p. m. The Department of State is instructing American Legations at The Hague, Stockholm, Christiania, and Copenhagen, and the Embassy at Madrid that upon receipt by their British, French, and Italian colleagues of similar instructions they shall deliver to the Government to which they are accredited a note in the following terms:

The Associated Governments are reliably informed that the German Government now is attempting to control neutral shipping generally through a new device improperly termed a "safe conduct," which constitutes in fact but a threat of illegal condemnation or destruction unless German control is accepted. Such control would extend to Germany's supervision of the personnel of passengers and crew, the character and consignment of cargo, mails, etc., and the movements of the vessel itself. The Associated Governments observe that such control may operate to deprive vessels accepting the same of their neutral character and the Associated Governments accordingly reserve the right to deal with any vessel which has subjected itself to enemy control as the circumstances in each case may warrant. It should clearly be understood that a ship sailing under an enemy "safe conduct" will render herself liable to be detained until the conditions which the enemy government has attached to the issue of "safe conducts" have been ascertained and scrutinized, in order that such action may be taken as the circumstances may be deemed to warrant.

We are advising Mr. McFadden of the foregoing.

No instructions are being given by the Department relative to making public the above-quoted statement. We are not in favor of formal publicity of this character, feeling that the public announcement of this simultaneous joint action of the four Associated Governments in the neutral European countries will result in the public attaching great importance thereto and exaggerating the character of the action to a point where we shall appear to be weak unless we follow up our announcement by drastic action as to which we do not now wish to be committed.

POLK

File No. 763.72112Sa/30

The French High Commissioner (Tardieu) to the Secretary of State

No. 27557

WASHINGTON, August 5, 1918.

[Received August 6.]

MR. SECRETARY: Pursuant to my letter of the 15th ultimo,¹ I beg to inform you that I have received the following information from my Government:

The French Government, after a meeting which took place in London on the 27th ultimo, adopted the text of the note which was decided at this meeting, regarding German safe-conducts, to be communicated to neutral countries.

My Government has sent instructions to their representatives in the neutral countries to notify them that they approve the procedure adopted by the Associated Governments.

They have also asked the British Government that the Associated Governments arrange a date for the handing over of the note.

The publishing of this note, both in the Allied and neutral press, would take place on the following day.

My Government adds that the present state of the French special war regulations does not allow the Government to take action along the lines of the note above mentioned.

Boats provided with these certificates could not at the present moment be given over to prize courts. They could only be diverted from their route, completely inspected, and forced to discharge their cargo and spend a considerable length of time in an Allied port.

This would result in a large amount of tonnage lying idle, and in an unwarranted annoyance.

As a matter of fact we would be almost disarmed, as we would have to let any vessel go, which was provided with a German safe-conduct, if she did not carry any merchandise for the enemy.

The matter stands quite differently with the British and American Governments. The former passed orders in council on the 10th of January and the 16th of February, allowing them to hand over to the prize courts any vessel which has eluded inspection in any British port. The American Government is also in a position to take similar action.

In view of these circumstances my Government, in order to make the note above referred to of effect, is obliged to render the decree, the contents of which I communicated to you in my letters of July 8 and 15.

This decree will be rendered by the French Government as soon as the note has been delivered and published.

¹ Not printed; see footnote 1, *ante*, p. 1085.

My Government, in giving me this information, requests me to hand it to you.

Accept [etc.]

For the High Commissioner:

BILLY

File No. 763.72112Sa/32

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, August 8, 1918, 7 p. m.

[Received August 9, 4.30 a. m.]

930. War Trade Board [from Sheldon]:

No. 1190. Your 970, Department's 624, August 5, 8 p. m. Foreign Office inform me, that as a result of representations made by their ministers in the northern neutrals they now believe it unwise to communicate suggested text regarding German's conducts [*German safe conducts*] to the various Governments. They point out that Germans can claim that their offer of safe conducts mitigates the danger of sinking by submarines for neutral vessels agreeing to German conditions, in other words the Germans claim they are facilitating the movement of neutral shipping. If, however, we deliver to the neutral governments the statement in your 970, it would immediately become known to the shipowners who will tend to keep their boats idle; the consequent onus would be put on us. The case of Sweden is reported to be different because the Germans are reported to have made one of the conditions of granting safe conduct, that imports into Sweden shall not be reimposed to Allies. Should the Swedes accept this, it would be in violation of article 14 of the Swedish agreement.¹ The Foreign Office therefore propose that a statement should be made jointly by the ministers of the Associated Governments to the Swedish Foreign Office, and a meeting will shortly be called to consider the text of this statement. I have learned informally that the French Government have received somewhat similar opinion from the ministers and believe their attitude very similar to that of the British as regards the issuance of a note generally to the neutrals. The British have therefore sent a circular telegram to their legations instructing the withholding of the note as per your 970, and it is suggested that you do likewise. The text of the note to be sent to Sweden will be telegraphed to you. It is proposed that a similar note be sent to any other neutral government as soon as information is forthcoming that conditions imposed by German safe conduct warrant such action.

PAGE

¹ *Post*, p. 1240.

File No. 763.721128a/32

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, August 13, 1918, 4 p. m.

753. For Sheldon [from War Trade Board]:

No. 1029. Your 1190, Embassy 930, August 8, 7 p. m. We are very much surprised at the reversal by the Foreign Office of their previous decision to join with France, Italy, and United States in making announcement to neutral governments concerning German "safe conducts." The reason for this change as given by your cable does not seem to us to be convincing. It has, of course, been obvious from the beginning and it was clearly set out in our 926, Department 403, July 25, 7 p. m., that there was a certain amount of danger lest the Germans claim that they were attempting to facilitate and the Allies to tie up neutral shipping. The necessity of taking effective steps through newspaper propaganda to combat this was set out in our cable referred to. We also for this reason proposed a form of declaration which would not commit us to any definite course of action, but which would constitute in effect but an express reservation of rights conceded us by international law. The British Government in accepting the policy advocated by us seemed, however, desirous to go even further than we had thought fit by adding to the declaration a statement relative to the possible detention of all vessels bearing German "safe conducts" and, we understand, by favoring making public officially the action taken. It is therefore with very great surprise that we note the British reversal of what we had assumed was a maturely considered decision reached by them. You do not indicate any new or special objections urged by their ministers in the European countries. We have heard from the American diplomatic representative in all of the neutrals affected, and their opinion on the whole is as favorable as could be expected in the case of a uniform course of action to be taken in several different countries. Of course, conditions are not identical in all of the neutral countries and it must be expected that each legation will desire our action to be especially adapted to the special conditions of its own country. We feel, however, that the advantage of simultaneous and uniform action more than outweighs the advantage of attempting to deal with each neutral as a special case.

The Ambassador to Spain expresses his approval of the suggestion which he thinks cannot fail to impress the Spanish Government. His only suggestion is that the announcement be not made public. The Legation at Christiania appears to be heartily in favor of the proposed course of action and desires that the Allied announcement

be made public. Recent cables shown us by French here indicate that ministers at Christiania are anxious to be authorized at once to take the proposed action. The Legation at Copenhagen suggests only a modification of the procedure, recommending that announcement be made publicly at Allied capitals rather than to neutral governments. The Legation at Sweden [*Stockholm*] agrees that vigorous action should be taken in view of German control being exercised to bring about a breach by Sweden of the recently concluded agreement. Legation at The Hague appears to disapprove of announcement but apparently is under a misapprehension as to the real purport thereof, the Legation assuming that it definitely commits the Allies to preventing all Dutch boats carrying German "safe conducts" of whatever character. The Minister seems apprehensive lest our declaration would operate to make void the assurances heretofore given covering the *Nieuw Amsterdam* and the Dutch vessels in Dutch ports on March 20. The French communicated to us the views of their representatives in the neutral countries concerned and these views correspond in general to those of our own representatives.

Taking into account these expressions from the neutral capitals, we still adhere to the views heretofore expressed by us unless there are presented against the proposed course of action arguments which are stronger than any yet disclosed to us. We note that the British Government is in favor of making a declaration to the Swedish Government and proposes to send a similar note to any other neutral governments as soon as information is forthcoming that conditions imposed by German "safe conducts" warrant such action. As pointed out in our No. 962 [926], it seems to us almost inevitable that unless the Allied position is promptly and forcibly expressed the German Government will develop its "safe conduct" system, as in the case of Sweden, to a point where the Allied Governments must take notice thereof. One of the primary reasons for advocating the proposed course of action is to forestall such development of the "safe conduct" system by Germany and to assist those neutrals, such as Norway, who are negotiating with Germany to secure the elimination of the most obnoxious features of German control. If the British are prepared to make the proposed announcement to the Swedish Government, and if, as appears to us to be the case, there is every reason to believe that similar action will at some future time have to be taken by the Allies in respect of the other neutral countries, we do not see the advantage of waiting and dealing with these situations in an isolated manner when they arise. We feel that the effect upon Germany and upon the neutrals will be far greater if at the outset the four Associated Governments communicate an identic

statement to the neutral governments concerned. We would prefer, however, for reasons heretofore expressed, to eliminate the last sentence which the British Government desired to add to the text of the statement proposed by us, and we would also prefer not to make public in any formal manner the text of the statement or the action of the Associated Governments in making the same.

As an instance of the control which Germany is beginning to exert over neutral shipping, even in western Atlantic waters, we call to your attention the case of the Swedish ship *Ceylon*. This ship was to have taken a cargo of merchandise to Montevideo, but the Swedish Legation asserted very vigorously that this Swedish vessel could not be allowed to carry cargo to Uruguay which had broken relations with Germany. It is inconceivable to us that Germany will not attempt to extend this control and apply it to all neutral shipping, and we accordingly reiterate our opinion that the Associated Governments should take immediate action in respect of the neutral government concerned, at a time when German control by "safe conduct" is still a novelty and when on this account it can perhaps be most effectively met. You will please at once lay before the British officials with whom you have discussed this matter, the foregoing views of the War Trade Board.

LANSING

File No. 763.721128a/107

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, August 14, 1918, 3 p. m.

[Received August 15, 10 a. m.]

1090. War Trade Board [from Sheldon]:

No. 1227. Referring Embassy's 930, our 1190, August 8, 7 p. m. As a result of conference at Foreign Office on German safe conduct, I strongly urge that the following note be presented to the Swedish Government:

The Associated Governments of Great Britain, France, the United States, and Italy inform the Royal Swedish Government that the form of declaration required from Swedish shipowners by the so-called German safe conduct would, if acquiesced in by the Royal Swedish Government, be contrary to article 14 of the Swedish agreement signed May 29, 1918,¹ and would tend to nullify the effect of this agreement, one of the main objects of which was to secure the regular continuance of Allied-Swedish trade and the export to the Allies of articles manufactured from or with the assistance of materials allowed to be imported through the blockade for the specific purpose of the return of the finished article.

¹ *Post*, p. 1240.

The British Minister in Stockholm was probably directed to address a note in the above sense to the Swedish Government, but to wait until his United States, French, Italian colleagues received similar instructions before sending it in. Please see copy of Foreign Office telegram No. 4952¹ to British Embassy, outlining British general [views]. The Foreign Office is also cabling British ministers in neutral countries, referring to Foreign Office telegram No. 4992,¹ and instructing them to take an opportunity of informally acquainting the governments to which they are accredited with the instructions sent to His Majesty's representative at Stockholm, and pointing out further that in cases where the conditions which the Germans may seek to impose in their safe conduct amount to enforcing unneutral service upon the ships carrying them, that His Majesty's Government must of course reserve the right to take such action as circumstances may require. Ministers are advised that the actual words of the note to the Swedish Government should not be communicated until they are advised by the Foreign Office that it has been presented.

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File No. 763.72112Sa/55b*The Secretary of State to the Ambassador in Great Britain (Page)*

[Telegram]

WASHINGTON, August 21, 1918, 3 p. m.

885. Please refer to Sheldon's 1227, Embassy's 1090, August 14, 3 p. m., and previous cables on the subject of German safe conducts. The importance of this subject is such that the Department desires you, after having consulted with Sheldon, to take up the matter officially with the Foreign Office and to present the views of the Department herein set forth. Assuming that it is impossible to secure British adherence to United States proposal for a joint and simultaneous declaration on German safe conducts to the neutral nations concerned, Department agrees to the delivery by the four Associated Governments to the Swedish Government alone of a somewhat similar declaration, the contents of such declaration to be communicated to the ministers in the other neutral European countries for their information and to enable them informally to acquaint the government to which they are accredited with the attitude of the Associated Governments as expressed to the Swedish Government. Department is not, however, willing to accept the precise text of the proposed note to the Swedish Government set out in Sheldon's 1227. Department's objection to this proposed statement is that it is too

¹ Not printed.

narrow in that it rests objection to safe conduct simply on supposed violation of our agreement with Swedish Government. If Associated Governments are officially to take cognizance of German safe conducts, Department feels it to be most important that this Government reserve their rights in a broad manner such as proposed in War Trade Board's 926, Department's 403, of July 25. Otherwise there is danger that Associated Governments will be put in the position of acquiescing in enemy control exercised through safe conducts, except where such control happens to involve the violation of an agreement with the neutral. Department points out that there are certain neutrals with whom we have no agreement which might be interfered with by safe-conduct conditions and where, nevertheless, this Government may desire to oppose German control through safe conduct. Also in the case of Sweden there are respects in which safe conduct is seriously objectionable and where it may not result in the contravention of the agreement or at least not of article 14 thereof. An instance of this is the case of Swedish vessels refusing to carry cargo from United States to Uruguay, which instance has already been reported to Sheldon. Accordingly, Department is not willing to accept the form of statement proposed in Sheldon's 1227, unless there is added thereto a general sentence somewhat as follows:

The Associated Governments further observe that enemy control through such a device as a so-called safe conduct or otherwise may operate to deprive vessels accepting the same of their neutral character, and the Associated Governments accordingly reserve the right to deal with any vessel which has subjected itself to enemy control, as the circumstances in each case may warrant.

Please cable at once the views of the Foreign Office on this subject, and, if British are in accord with Department's position, Department will issue appropriate instructions to ministers in accordance with foregoing.

LANSING

File No. 763.72112Sa/47

The Chargé in France (Bliss) to the Secretary of State

[Telegram]

PARIS, August 24, 1918, 11 p. m.

[Received August 25, 11.59 p. m.]

4870. War Trade Board [from McFadden]:

No. 364. Your No. 260.¹ French Blockade [Ministry] are today advised by their London representative that British Blockade Ministry, acting upon its own initiative and without consultation with French Blockade Ministry, on August 22, instructed their diplomatic representatives in neutral capitals to personally communicate by con-

¹ Not printed.

versation the views of the British Blockade Ministry in connection with German safe conducts as expressed by the declarations of the Associated Governments. In consequence thereof, the French Blockade Ministry are today also instructing their diplomatic representatives in neutral countries as follows:

(1) Their Minister in Sweden will be instructed to cooperate with his colleagues in connection with a note to be prepared by the diplomatic representatives of the Associated Governments in Stockholm, same to represent the reply of the Associated Governments to the notes received from Swedish Foreign Office in connection with German safe conducts.

(2) The French diplomatic representatives elsewhere will be instructed to cooperate with their colleagues in neutral capitals and communicate by conversation to the proper authorities of the neutral governments the views and procedure to be taken in connection therewith as regards German safe conducts as expressed by declaration of the Associated Governments.

The Blockade [Ministry] are of the opinion that the delivery of a joint note by the Associated Governments in the neutral capitals, except in the case of Sweden, would be unwise and dangerous for the reasons: (1) copy of same would probably be obtained by diplomatic representatives of the German Government; (2) it would then be the purpose of the German Government if possible to misinterpret and confuse the purposes and objects of the Associated Governments in connection therewith; (3) furthermore, it is felt that it is unwise to commit the Associated Governments in writing to any particular policy or procedure in connection therewith, and consequently the Blockade Ministry prefer at the present time that the policy shall be communicated by conversation rather than in writing. McFadden.

BLISS

File No. 763.721128a/49

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, August 28, 1918, 11 p. m.

[Received August 29, 6.53 p. m.]

1456. Your 885, August 21, 3 p. m. It has [not?] been possible to obtain from the Foreign Office a reconsideration of their previous objective notes [*objections to?*] identic communication to all the neutral governments concerned, but in the temporary absence of the Minister of Blockade and of definite instructions from their Governments to the representatives of France and Italy a further meeting has been set for Tuesday next, at which Sir L. Worthington Evans will be present. The following text was today adopted *ad referendum* by the representatives of the Foreign Office, France, and

Italy. If it meets with your approval I shall press for its joint communication to all the neutral governments concerned. The French representatives today concurred in this course, so there remains now only to convince Sir L. Worthington and the Italian Government of its advisability.

The Governments of the United States, Great Britain, France and Italy, associated in war against the Government of Germany, are acquainted with the fact that the German Government is now attempting to control neutral shipping through a new device improperly termed a "safe conduct" which constitutes in fact but a threat of condemnation and destruction unless German control is accepted. Such control might extend to German supervision of all personnel and passengers, the character and consignment of cargo, mails, etc., and the movements of the vessel itself. The Associated Governments observe that enemy control through such a device or otherwise may operate to deprive vessels accepting the same of their neutral character, and the Associated Governments accordingly reserve the right to deal with any vessel which has subjected itself to enemy control, as the circumstances in each case may warrant.

As an additional statement, to the Swedish Government only, the following paragraph has been suggested in concession to the views of the Foreign Office.

The attention of the Royal Swedish Government is invited by the Associated Governments of the United States, Great Britain, France, and Italy to the fact that, apart from the general results of the acceptance of such control affecting the status of Swedish shipping, the acceptance in the specific case of Sweden would be contrary to the Swedish agreement signed May 29 last in so far as it would tend to nullify its effect and to impede the exportation to the Associated Governments of manufactures from or with the aid of materials whose importation through the blockade is permitted for the specific purpose of the return of the finished article.

[This to be?] submit[ted] in the form of a separate note or else communicated informally.

Sheldon returns today from a brief holiday and will be shown a copy of this telegram.

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File No. 763.72112Sa/122

The Ambassador in Great Britain (Page) to the Secretary of State
[Telegram]

LONDON, September 3, 1918, 5 p. m.

[Received 5.30 p. m.]

1589. My 1456, August 28, 10 [11] p. m. It has now been decided, as the best course to follow in view of the recent publication of the French decree in regard to the so-called German safe conducts and the objections of some of the Entente ministers in Denmark and

Holland to a formal identic communication, to instruct the Allied ministers at Stockholm simultaneously to present, *mutatis mutandis*, the note reported in my telegram above referred to, but to leave the choice to the ministers in the other neutral countries of the form in which the communication is to be made, i. e., whether it is to be formal or informal; the wording to be the same in all countries, omitting, of course, the statement in the second paragraph intended only for Sweden. In the case of Spain it is deemed wiser to leave to the chiefs of mission the choice, as well, of time of presentation, in order that they may select a propitious moment. It was decided that no publicity should be given to the form or purport of the communications. It is hoped that you will concur in this course and instruct our representatives accordingly.

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File No. 763.72112Sa/63b*The Secretary of State to the Ambassador in Great Britain (Page)*

[Telegram]

WASHINGTON, September 5, 1918, 4 p. m.

1196. Your 1589, September 3, 5 p. m.

Department has to-day cabled Legation at Stockholm as follows:

You are instructed to present the following note to the Government to which you are accredited:

The United States Government is reliably informed that the German Government now is attempting to control neutral shipping generally through a new device improperly termed a "safe conduct," which constitutes in fact but a threat of illegal condemnation or destruction unless German control is accepted. Such control would extend to Germany's supervision of the personnel of passengers and crew, the character and consignment of cargo, mails, etc., and the movements of the vessel itself. The United States Government observes that such control may operate to deprive vessels accepting the same of their neutral character, and the United States Government accordingly reserves the right to deal with any vessel which has subjected itself to enemy control as the circumstances in each case may warrant. The attention of the Royal Swedish Government is invited by the Government of the United States to the fact that apart from the general results of the acceptance of such control affecting the status of Swedish shipping, the acceptance in the specific case of Sweden would be contrary to the Swedish agreement signed on May 29 last in so far as it would tend to nullify its effect and to impede the exportation to the Associated Governments of manufactures from or with the aid of materials whose importation through the blockade is permitted for the specific purpose of the return of the finished article.

Department is informed that Governments of Great Britain, France and Italy are instructing their ministers to present similar notes. You will therefore confer with your Allied colleagues with a view to arranging a simultaneous presentation of the notes. No publicity should be given to the form or purport of the above communication.

Missions at Madrid, Christiania, Copenhagen, and The Hague will receive text of above note minus reference to violation of Swedish

agreement, together with authorization to read it to Minister of Foreign Affairs after consultation with Allied representatives, so as to secure, if possible, concurrent action. In case of Spain, exercise of authorization is subject to discretion of Ambassador. All above-named missions have been instructed that note is not to receive any publicity.¹

LANSING

File No. 763.721128a/58

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, September 6, 1918, 4 p. m.

[Received 7.35 p. m.]

1665. My 1589, September 3, 5 p. m. The following circular instruction was telegraphed by the Foreign Office night of September 4 to their representatives at Stockholm, Copenhagen, Christiania, The Hague, and San Sebastian:

Urgent. German safe conducts. You should concert with your French, Italian, and United States colleagues for the purpose of making, to Government to which you are accredited, communication indicated in my telegram to Madrid of August 29. It is left to your discretion to decide in concert with your colleagues whether communication should be formal or informal, verbal or in writing, provided exact wording given in my telegram is used to Madrid only. It is also left to you in conjunction with your colleagues to choose the moment for this communication which may appear to you to be most opportune to all. Above decision was reached at further meeting with representatives of Associated Governments here, who further decided that it was not advisable to publish terms of communication. Your colleagues will no doubt receive similar instructions shortly.

The communication above referred to as having been telegraphed to Madrid on August 29, is identic with the text of the proposed note telegraphed to you in my 1456 of August 28, 11 p. m.

PAGE

File No. 763.721128a/78

The Danish Minister (Brun) to the Secretary of State

J. No. 40.A.XXIX. n.

WASHINGTON, September 24, 1918.

[Received September 25.]

SIR: I have the honor to acknowledge the receipt of your reply-note (No. 486) of September 7, regarding safe conducts to be issued to Danish merchant ships by agreement with the Central Powers.²

¹ The instructions here referred to, also cabled on Sept. 5, are numbered as follows: to Denmark, No. 1065; to the Netherlands, No. 2006; to Norway, No. 452; and to Spain, No. 1514. For reply of the Ambassador in Spain, see his telegram No. 1796 of Sept. 9, *post*, p. 1722.

² Not printed.

I brought at once the contents of your said note to the knowledge of the Danish Government, and the Minister of Foreign Affairs has now directed me to submit the following answer for your consideration:

The system of safe conducts is in the opinion of the Danish Government not a system of control but a measure rendered absolutely necessary in order to avoid that Danish ships should be arbitrarily captured and conducted into German ports for examination, in accordance with the principles adopted by an amendment of April 24, 1918, to the German prize regulations of September 30, 1909, § 55.c.

I beg to enclose a copy of the German *Official Gazette* No. 57 of April 24 [27], 1918, containing the said amendment.

In translation the amendment says:

A neutral vessel is furthermore to be considered as sailing in the interest of the warfare of the enemy, provided the circumstances do not prove the contrary, if the country, whose flag the vessel is entitled to carry, has concluded an agreement with an enemy country for the turning over of tonnage, or if the greater part of the merchant fleet of the neutral country actually in use sails for the enemy.

The right of examination being accorded to any belligerent country, it would be useless to protest against capture and examination, and it became a necessity to adopt the system of safe conducts. As a matter of fact, whenever a Danish vessel was sailing without a safe conduct the vessels of the German Navy would use any pretext for seizing the ship for examination so that almost every Danish ship found without safe conduct was captured. Generally these ships were sooner or later released again, but their detention in German ports caused very great losses to the owners. The actual usefulness of the tonnage at the disposal of Denmark would also be considerably lowered if such proceedings were to continue, and we would furthermore have to count with the eventuality that our vessels and their cargoes would on one pretext or another be detained for months awaiting prize-court decisions and perhaps finally be condemned.

It should also be understood that safe conduct for ships from overseas ports will be issued either by Danish officials or German officials, who are without connection with their own country. The last-named facts alone would appear sufficiently to prove that the system is not intended to be one of control. The fundamental idea of the arrangement is to obtain an absolute guarantee against being seized and brought into a port of examination for all Danish ships, who are sailing in trades of Danish interest, including the voyages for Belgian Relief and Switzerland and, on the outward trip from Denmark, the voyages of the ships from a port in North America to a neutral port in South America.

This system will create safety and security for the shipping of Denmark and a guarantee to the effect that a part of the Danish merchant fleet will remain intact.

The Danish Government, furthermore, can not admit that the acceptance of such a safe conduct can deprive a vessel of its neutral character. The United States and the Governments of the Entente Powers have agreed that part of the Danish tonnage be reserved for Danish interests. Through the system of safe conducts the German Government has guaranteed unhindered voyages for this tonnage, when the ships are sailing in the neutral trades agreed upon.

The ships do not have to submit to other conditions than those mentioned in the arrangement, which have only the purpose to prove the neutral trade of the vessel.

With regard to the special points on which you desired further information, I am authorized to state the following:

The expression "danger-zone" refers to the danger-zone as now declared. Should this zone be extended, new negotiations would have to be undertaken between Denmark and Germany.

The prohibited list (or *bannwarenlist*) means the German contraband list in force at any given time.

The voyages referred to under No. 4 of my note to you of August 29¹ include only voyages from Denmark to enemy ports outside of the danger zone.

I trust that the above explanation will meet with your approval and satisfy you with regard to any points which at first were not made fully clear to you, and that you will now be able to see your way to concede the necessity for Denmark of the intended arrangement and its true character, so that we may count on the acquiescence of the Government of the United States in facilitating the carrying into effect of the plan.

I have the honor [etc.]

C. BRUN

File No. 763.72112Sa/80a

The Secretary of State to the Minister in Switzerland (Stovall)

[Telegram]

WASHINGTON, September 27, 1918, 3 p. m.

3007. For Dresel [from War Trade Board]:

No. 120. Sailing vessels carrying "safe-conducts" from the German Government will for the time being be permitted to sail from United States ports to Cete with cargoes destined to Switzerland, provided such cargoes are not objectionable.²

LANSING

¹ Not printed.

² See also telegram to the Ambassador in Great Britain, No. 1648, Sept. 27, ante, p. 997.

File No. 763.72112Sa/78

The Acting Secretary of State to the Danish Minister (Brun)

WASHINGTON, October 10, 1918.

SIR: I have the honor to acknowledge the receipt of your reply note of September 24, on the subject of the negotiations between your Government and the Central Powers looking to the issue of so-called "safe conducts" to Danish merchant ships as a protection to these ships and the cargoes against capture by the Central Powers.

I note the opinion of the Danish Government that the system of "safe conducts" is not a system of control of Danish shipping by the Central Powers, but is rather a measure designated by the Danish Government for the protection of its shipping, and sought for by it for such purpose.

The views of my Government in principle have already been expressed in the note of September 7 last,¹ and it remains, therefore, for my Government, if the Government of Denmark sees fit to enter into a so-called "safe-conduct" arrangement with Germany, to observe the practical operations of such arrangement upon the Danish vessels subject thereto. If, in fact, this arrangement does not constitute a device whereby these vessels become subject to enemy control to an objectionable extent, then the principle heretofore enunciated by my Government on this subject would, as appears from the terms thereof, have no application.

Accept [etc.].

FRANK L. POLK

NEGOTIATIONS WITH NORWAY CONCERNING EXPORTS

Assurances Regarding Supplies Communicated to Norway, January 9—American Proposals Supplementary to Those of 1917—Publication of the American Proposals—Norwegian Reply, February 2, to the American Note of December 20, 1917—American Note of February 9—Norwegian Notes of February 14 and 16—Release of the Norwegian Ship "Kim"—British Observations on the Proposed Agreement

File No. 657.119/221

The Minister in Norway (Schmedeman) to the Secretary of State

[Telegram]

CHRISTIANIA, January 3, 1918, 2 p. m.

[Received 11.20 p. m.]

445. Irresponsible rumors are widely current here to the effect that the United States Government is making a deliberate effort to force Norway into the war. The Norwegian Government is appar-

¹ Not printed; the views in question are expressed, in the note referred to, in terms substantially the same as those used in the note quoted in the telegram to the Ambassador in Great Britain, No. 1196, Sept. 5, *ante*, p. 1103.

ently taking no steps to counteract the effect of these rumors, which are largely due to secrecy and obscurity with which Norwegian Government surrounds the present negotiations with the United States concerning imports. No information whatsoever has been vouchsafed the public as to the real nature of American demands, with the result that damaging speculation is rife as to their character. Part of the press is attempting to allay excitement by general statements that our demands involve no danger to Norway, but the creation of sound opinion is handicapped by lack of accurate information.

Under the circumstances, I submit for the Department's consideration whether it would not be desirable to publish a *communiqué* at Washington or elsewhere explaining in some detail the nature of our demands, with particular emphasis on the fact that they are based on the principle of compensation. London informed.

SCHMEDEMAN

File No. 657.119/230a

The Secretary of State to the Minister in Norway (Schmedeman)

[Telegram]

WASHINGTON, *January 4, 1918, 7 p. m.*

201. Department has been advised by British Ambassador that your British colleague has been instructed as soon as you have received similar instructions to present a note to the Norwegian Government stating that "providing a satisfactory arrangement with the United States and the Allies is concluded, Norway will receive rations estimated to satisfy her legitimate requirements."

Department and War Trade Board approve of these instructions and you are authorized to communicate to the Norwegian Government the substance thereof, provided you deem the present moment an opportune one.

LANSING

File No. 657.119/222

The Minister in Norway (Schmedeman) to the Secretary of State

[Telegram]

CHRISTIANIA, *January 4, 1918, 2 p. m.*

[*Received 12 midnight.*]

446. In conversation with Minister of Foreign Affairs he confirmed figures given in my cipher telegram 440, December 30,¹ as the

¹ *Foreign Relations*, 1917, Supplement 2, vol. II, pp. 1110-1111.

basis of Norwegian counter-proposal to our proposal of December 20.¹ Minister for Foreign Affairs intimated that Norway might be able to obtain food from Russia but appeared skeptical as to this possibility. I have since learned from unofficial sources and in a strictly confidential way that Bolsheviks have offered Norway American foodstuffs lying on the Murman Coast in exchange for financial assistance. Minister for Foreign Affairs inquired whether United States required pyrites evidently with a view to ascertaining whether Norwegian production could be sold to United States. With regard to pyrites I am informed confidentially that Germany has offered Norway a certain quantity of foodstuffs not specified against pyrites in compensation. For the present I am unable to obtain confirmation of unofficial information above mentioned.

A meeting of representatives of the three Scandinavian Kingdoms begins here today for the purpose of arranging interchange of products between the three countries. This meeting was determined upon at the conference of the three Kings last November. Department will be kept informed in this connection.

Minister of Foreign Affairs is apparently intentionally slow in providing the Legation with information about Norwegian proposals in the negotiations with the United States. I therefore respectfully request the Department to telegraph Legation without delay substance of any proposal made by the Norwegian Government as well as our proposals to them. Copy furnished Ambassador at London by telegraph.

SCHMEDEMAN

File No. 657.119/217

The Secretary of State to the Minister in Norway (Schmedeman)

[Telegram]

WASHINGTON, January 5, 1918.

202. With reference to Legation's No. 440 of December 30, the War Trade Board are unanimous in their feeling that the proposal to Nansen of December 20 is eminently fair and reasonable and must stand.

Referring to Legation's No. 445 of January 3, the proposal of December 20 to Nansen itself contains the best statement of the attitude and demands of United States and needs no amplification

¹ See telegram No. 6082 of Dec. 20, 1917, to the Ambassador in Great Britain, *ibid.*, pp. 1087-1091. Letter containing the American proposal referred to was actually dated Dec. 19, 1917, and was handed to Doctor Nansen on Dec. 20; it is referred to here and in several other documents as the "proposal of Dec. 20."

or discussion, and you are instructed to publish full text of this proposal.

LANSING

File No. 657.119/229

The Minister in Norway (Schmedeman) to the Secretary of State

[Telegram]

CHRISTIANIA, *January 9, 1918, 2 p. m.*

[Received January 10, 12.21 a. m.]

453. Before complying with your instruction No. 202, January 5, I respectfully invite consideration of the following: I deem it inexpedient to publish full text of our proposal in its present form as in view of preceding negotiations such publication in the Norwegian press would appear to be discourteous and might be resented by the Norwegian Government; the proposal in its present form is incomplete in its details and before publication should be on record in its final form, setting forth besides our demands, the specific estimates of what we are prepared to give to Norway in return. In view of the procrastinating policy of the Norwegian Government the final proposal should embody a time limit for its acceptance and be accompanied by a statement that at the expiration of the time limit stipulated it would be published in full in Washington. In support of suggestion made in my telegram No. 445, that in view of the obscurity with which the Norwegian Government surrounds the present negotiations with the United States, it might be advisable to publish *communiqué* for the enlightenment of the public, I recommend that a preliminary statement be published in American press—which would undoubtedly be repeated in the newspapers here—to the effect that the demands of special agreements are fair and reasonable and based entirely on the principle of compensation and include no arbitrary conditions whatever.

The British Minister informs me that he considers an estimate of 250,000 tons grain inadequate, as it does not provide for fodder; 350,000 tons he thinks would be sufficient. He also feels that it would be advisable to allow the Norwegian Government to send a certain quantity of calcium carbide to Germany provided no Allied materials are used, as the controlling interest in one of the largest factories here is Austrian. I have been reliably informed that Germany has offered Norway 250,000 tons of grain in exchange for pyrites, which is denied by the Foreign Minister. London informed.

SCHMEDEMAN

File No. 657.119/231

The Minister in Norway (Schmedeman) to the Secretary of State

[Telegram]

CHRISTIANIA, January 10, 1918, 3 p. m.

[Received 5.25 p. m.]

455. Sent note to Foreign Office yesterday in the sense of your telegram No. 201, January 4, 7 p. m. British Minister has done likewise. London informed.

SCHMEDEMAN.

File No. 657.119/229

*The Acting Secretary of State to the Minister in Norway
(Schmedeman)*

[Telegram]

WASHINGTON, January 12, 1918, 5 p. m.

206. Your No. 453, January 9, 2 p. m. Department and War Trade Board will give careful consideration to your suggestions and advise you shortly concerning the publication of our proposal in proper form because we feel that our proposal is fair and reasonable and we think Norwegian people should have full knowledge of our position. For the time being you should defer compliance with Department's instruction No. 202 of January 5.

POLK

File No. 657.119/245

The Minister in Norway (Schmedeman) to the Secretary of State

[Telegram]

CHRISTIANIA, January 18, 1918, 5 p. m.

[Received January 19, 4.27 a. m.]

478. The following is substance of a conversation I had yesterday with the Prime Minister: He stated that Norway could not enter into negotiation with the United States on the terms proposed at present and confirmed statement of the Minister for Foreign Affairs that the cessation of export of calcium carbide to Germany would be embarrassing. He asked my opinion in regard to a suggestion which has been discussed that the export to Germany of a certain amount of minerals for civilian use be allowed, to which I replied that it was not probable that Germany would keep any promises of this sort and that in any case we should only be assisting the enemy to release his own materials for military uses in order to replace them with

Norwegian products. He stated that he earnestly desired to come to an understanding with the United States and that it was only fear of Germany which prevented it. He said that it might be possible that Norway would have to discontinue sending supplies to England and France. Further, that Minister for Foreign Affairs had informed him that the German Minister had insisted that they must send pyrites to Germany; I told him that I believed my Government would be opposed to any such action. He expressed the opinion that it would have been advisable to transfer the negotiations from Washington to Christiania, to which I replied that as they had gone so far I considered a change inadvisable.

Foreign Affairs Committee of Storthing has been in secret session for the past two days in order to discuss the American proposal and I am inclined to believe that a new counter-proposal is being drafted which will be submitted to the Storthing before being sent to Washington. According to my information the Committee for Foreign Affairs now seems to be divided into three factions, namely, the first led by President Mowinckel which favors making arrangements with Germany, the second led by the Prime Minister who momentarily appears to have support of Minister for Foreign Affairs, which favors policy of concluding no agreements and advocates continuance of free exchange of commodities on the basis of compensation, the third apparently led by former Cabinet Minister Konow which favors acceptance of our proposal.

It seems highly improbable that the Norwegian Government intends to make any agreement at this time and [my] belief is that it would be best, after presenting our final proposal in definite form, to close the negotiations and await ulterior advances on the part of Norwegian Government which may be anticipated in consonance with the internal situation in Norway as affected by political and military events.

Foregoing telegraphed to Embassy at London.

SCHMEDEMAN

File No. 657.119/243

The Minister in Norway (Schmedeman) to the Secretary of State
[Telegram]

CHRISTIANIA, January 18, 1918, 7 p. m.

[Received January 19, 6.10 a. m.]

480. I learn from a reliable source that Committee on Foreign Affairs of the Storthing and the Cabinet have agreed on the basis of a new proposal to be submitted to a secret session of the Storthing, and then transmitted to Washington. This proposal will request

consideration by this Government of its demands and specify the commodities and quantities thereof which Norway proposes to send to Germany. These quantities are considerably lower than those Germany has asked. The committee has been acquainted with statistics of exports to Germany which show that the enemy has been receiving much greater quantities than had been thought. The Government finds that a very recent census of food supplies in Norway shows an alarming shortage, supplies being sufficient for only a few weeks after which rations will have to be dangerously reduced. The idea of obtaining food from Russia or from Germany seems to have been abandoned. A feeling of assurance that Germany will not declare war on Norway in the event of acceptance of American conditions appears now to predominate, but intimations seem to have been received from the German side that the shipping between the United States and Norway might not in that case be exempt from attack and that all German export to Norway would be stopped. Information indicates that the acceptance of our conditions might be facilitated by our permitting Norway to send to Germany some calcium carbide but that the general outlook here is so black with regard to necessities of all kinds that even threat of German interference with shipping carrying imports to Norway will not prevail against imperious necessity of accepting American demands.

As the Department will note, all the foregoing evidences a complete reversal of the Norwegian Government's position up to the present and if my information is correct the change is attributable to the recent census referred to and the danger of social disturbance which it is feared will at once ensue should the shortage in food and raw material be permitted to last long enough to cause more individual hardship and wider unemployment.

I am therefore of the opinion that the Government of the United States will do well to adhere strongly to principles thus far formulated with the possible exception of the matter of carbide which might be discussed in [last] resort. London informed.

SCHMEDEMAN

File No. 657.119/254

*The Acting Secretary of State to the Minister in Norway
(Schmedeman)*

[Telegram]

WASHINGTON, January 19, 1918, 3 p. m.

207. Following schedule was delivered yesterday to Nansen as supplementary to proposal of December 20. Figures indicate tentative amounts in metric tons.

Proposed schedule of commodities agreed to by the United States and her associates in the war as sufficient to cover this year's Norwegian requirements considering the existing conditions:

Foodstuffs:	
Bread grains, including rice	300, 000
Starches	1, 000
Cocoa	1, 400
Coffee	14, 500
Tea	160
Sauces and pickles	80
Syrup	5, 000
Spices	382
Fruit, dried	4, 000
Fruit, fresh	6, 000
Oils and fats:	
Vegetable and animal oils	10, 000
Mineral oils	76, 500
Rubber, etc.	500
Textiles:	
Silk yarn and tissues	110
Cotton, raw, yarn and manufactures	8, 000
Wool, wool yarns and products	3, 700
Miscellaneous:	
Corkwood	900
Tin, raw	80
Lead	1, 000
Antimony	12
Asbestos	350
Borax and boric acid	80

In addition to the quantities mentioned, further quantities may be granted where it is found that the amount stated is not sufficient for the needs of Norway.

Norway's requirement of oil cake, when ascertained, will be allowed.

There is to be included in the foregoing schedule certain textiles, hides and skins, and a large tonnage of raw phosphate for agricultural purposes, together with necessary agricultural machinery and other articles to assist Norway in increasing her own production of foodstuffs.

The stocks of imported foodstuffs and other supplies in Norway are, when ascertained, to be deducted from the quantities given.

Norway's import of the foregoing quantities to be conditioned upon her continuing certain exports to the powers associated with the United States.

POLK

File No. 657.119/257b

The Acting Secretary of State to the Minister in Norway
(Schmedeman)

[Telegram]

WASHINGTON, January 21, 1918, 7 p. m.

210. Please inform the Norwegian Government that the War Trade Board is considering making public in American newspapers

not earlier than morning of Thursday the 24th its last proposal for rationing agreement which includes a complete rationing list. This action is taken in order that the American people may know of the fair and reasonable proposals made by the War Trade Board to the Norwegian Government.

POLK

File No. 657.119/257a

The Acting Secretary of State to the Ambassador in Great Britain
(Page)

[Telegram]

WASHINGTON, January 22, 1918, 6 p. m.

6319. For Sheldon [from War Trade Board]:

Our 31. The American Minister at Christiania in his 466 through Department January 12¹ stated that instructions had been given to Nansen by Norwegian Minister of Foreign Affairs to deliver Norwegian counterproposal notwithstanding the objections of Nansen. Nansen did not deliver the counterproposal and has informed War Trade Board confidentially he was unwilling to do so because he knew it would be wholly unacceptable and accordingly he has returned the counterproposal to his Government.

The proposal of the War Trade Board as supplemented by the schedule of rations will be published shortly in the manner described in Schmedeman's No. 453 of January 9. Please repeat the foregoing in full to Christiania.

POLK

File No. 657.119/253

The Minister in Norway (Schmedeman) to the Secretary of State

[Telegram]

CHRISTIANIA, January 22, 1918, 10 p. m.

[Received January 23, 9 a. m.]

485. I handed a note to the Minister for Foreign Affairs at 8.30 this evening embodying substance of your telegram No. 210, January 21, 7 p. m., received at 6.30 o'clock. Minister for Foreign Affairs requests publication be deferred a few days. He was much disturbed about publication of proposal in all its details and seemed to fear difficulties from the German side if the portions of the proposal affecting question of exports to Germany were published.

10 p. m. Minister for Foreign Affairs has just called and handed me a note, in reply to my note above mentioned, stating that in order to avoid misunderstanding, Minister for Foreign Affairs has the

¹ Not printed.

honor to say that the Norwegian Government regrets it is unable for the time being to assent to the War Trade Board's proposal of December 20 to Nansen being published, but the Norwegian Government cannot object to the American Government's publishing what it has proposed or offered to Norway provided that in doing so there be no publication or intimation of what Norway has proposed or offered to America. The note adds that the Norwegian Government hopes very soon to be able to answer the War Trade Board's proposal of December 20 and will in this connection return to the question of publication.

SCHMEDEMAN

File No. 657.119/273a

*The Acting Secretary of State to the Minister in Norway
(Schmedeman)*

[Telegram]

WASHINGTON, January 25, 1918, 7 p. m.

216. We are giving to the press within next few days full schedule of commodities and substance of our proposal of December 20, containing, however, no intimation of that which has been offered or proposed to the United States by Norway.¹

POLK

File No. 657.119/258

The Minister in Norway (Schmedeman) to the Secretary of State

[Telegram]

CHRISTIANIA, January 29, 1918, 7 p. m.

[Received January 30, 1.26 p. m.]

494. War Trade Board's announcement regarding Norwegian rations and conditions for export to Norway was published in Reuter telegram from London last night and this morning. Press comment here ranges from violent and unreasoning criticism to advocacy of acceptance in the *Tidenstegn* and the *Handelstidende* which describe our conditions as the price demanded from Norway as a free buyer of American products.

In conversation with Minister for Foreign Affairs this morning he informed me that Norwegian counterproposal was sent to Washington yesterday after being read for its information to a secret session of the Storting on January 26. Counterproposal contemplates export to Germany of 4,000 tons ferro-silicon, 12,000 tons calcium carbide, 12,000 tons calcium nitrate, 30 tons molybdenum, and

¹ For the War Trade Board's statement, see *The Official Bulletin*, Washington, Jan. 28, 1918 (vol. 2, No. 219), pp. 13 and 15-16.

40,000 tons pyrites, which last cannot begin to go to Germany until fulfillment of present copper agreement with Great Britain. I told him that I did not believe my Government would accept counter-proposal and reiterated what I had previously said on various occasions to the effect that my Government would not, in my opinion, deviate from the line it has taken. I said that while we were desirous of making an arrangement with Norway in consonance with our long-standing friendly relations, I was confident my Government would not permit those relations to be adversely affected by decision of Norway on our proposals, giving him to understand that acceptance or refusal of our proposal would merely determine eventual destinations of the American exports concerned. Minister of Foreign Affairs expressed great satisfaction with the schedule of rations which he considered sufficient after inclusion of a few other commodities. To his repeated remark concerning fear of Germany in the event of acceptance of American demands I replied by recalling his recent statements that Norway did not fear actual war but only possible interference with shipping from America, adding that in any event the United States could not allow the enemy to dictate the terms of a commercial agreement between the United States and a neutral state. London informed.

SCHMEDEMAN

File No. 657.119/269a

The Secretary of State to the Minister in Norway (Schmedeman)

[Telegram]

WASHINGTON, January 30, 1918, 2 p. m.

218. The following additions have been made to the proposed schedule of commodities to be furnished the Norwegian Government, cabled you January 19: After "fruit, fresh" insert "sugar, 50,000; pork and beef, 10,000." After "mineral oils" insert "oil seeds (for seed crushing plants), 20,000." Insert following paragraph after sentence ending "her own production of foodstuffs": "Subject to restrictions and considerations set forth in our letter of December 19 Norway is to receive, in so far as our own needs will permit and subject to the necessary allotments to the countries associated with us in the war and supplies to other neutral countries, the following commodities in quantities to be determined by her needs to be hereafter ascertained: metals, machinery of all kinds, fixtures, motor cars, motor trucks, bicycles, writing machines, cash registers, accounting machines, hardware and tools, chemicals, dyes, colors, drugs, medicines, resin, tobacco, tanning extracts, shoes and rubbers."

LANSING

War Trade Board Files: American-Norwegian Agreement, Vol. II

The Norwegian Minister on Special Mission (Nansen) to the Chairman of the War Trade Board (McCormick)

WASHINGTON, February 2, 1918.

SIR: My Government have requested me to communicate to you the following reply to the War Trade Board's note of December 19 last:¹

The Norwegian Government have considered the proposal contained in the War Trade Board's note of December 19. They fully agree in the interpretation of the present negotiations as a free exchange of views as to what would constitute reasonable concessions which the United States of America and their associates can expect from Norway in exchange for those commodities which Norway wishes to obtain from them. The Norwegian Government entertain the confident hope that with such an understanding from both sides an early and for both parties satisfactory agreement may be reached. There is, however, one circumstance which the Norwegian Government must consider in carrying on these negotiations but to which the Government of the United States may from natural reasons not so readily attach the same weight, and that is the consideration due to Norway's position as a neutral state and to the continued preservation of her neutrality during the present World War. The Norwegian Government, however, feel justified in hoping and expecting that a solution of the difficulties may be found when they openly put forth their views. The Norwegian people is possessed by a determined will to keep out of the war. This will to remain neutral involves that it must be ready to maintain its commercial relations with both sides. In her commercial policy Norway cannot break off relations with one of the belligerent parties without the serious danger arising that it will not be possible to maintain the political neutrality of the country much longer.

In her efforts to maintain neutrality Norway has now reached a point where the future cannot be viewed without grave apprehension. The most energetic efforts are being made in order to stretch as much as possible the supplies in the country and to increase the production of foodstuffs. Nevertheless actual need is drawing nigh if Norway does not receive supplies. The Norwegian Government cannot doubt that the United States as well as their associates will understand the difficult position of Norway.

Norway may justly claim that she shall not through the prospect of being denied the daily bread be placed before the choice between actual need and the acceptance of an agreement which would involve danger to her position as a neutral and possibly expose her to a war that in a short time might break down what the people has been building up through centuries.

The note of the War Trade Board refers in all its parts not to the United States alone but also to their associates, and it states that an eventual agreement will only be concluded with the concurrence of the Powers associated with the States in the war.

¹ See footnote 1, *ante*, p. 1109.

When it is asked what from the Norwegian side shall be considered reasonable compensation for the supplies which Norway expects from the United States and their associates, the Norwegian Government find it proper to submit that already prior to the entrance of the United States into the war Norway has rendered to the associates of the United States very considerable advantages in exchange for necessary supplies. First of all is here to be considered the exceedingly great services which Norway's merchant marine with great sacrifices of lives and ships all during the war has rendered the world commerce and is still daily rendering primarily to the Allies. But in addition to this must also be mentioned the financial services of Norwegian banks, services which in view of Norway's ability have been considerable. Further the many and burdensome restrictions in her free economic life which Norway during the war has had to adopt or submit to as a consequence of the war interests of the Allied Powers. And again,—what also in the present negotiations occupies as prominent place,—the exportation of Norwegian products exclusively, or in such large quantities, to the associates of the United States of America that little or nothing at all has been left for exportation to other countries, among such even neutral countries which before the war constituted the regular markets for Norwegian exports.

In the notes of the War Trade Board dated November 27¹ and December 19 it is expressed that the United States and their associates wish to continue to obtain exports from Norway.

In the note of November 27 it is, for instance, suggested that Norwegian calcium carbide be delivered against compensation in kerosene and Norwegian calcium nitrate against compensation in fertilizers. In the note of December 19 a desire is intimated to the effect that the United States and their associates obtain a prior option upon various Norwegian articles of export. In this connection the Norwegian Government desire at once to make the general declaration that in an eventual agreement they are willing to undertake the obligation to grant export license to the United States or their associates for considerable quantities of commodities in which these may be interested, provided that Norway's own requirements shall not prevent this.

The Norwegian Government are further willing to accept in an eventual agreement the following general principles as binding for Norway:

(a) No commodity or part thereof which Norway according to the agreement imports from the United States or their associates shall directly or indirectly be exported to the Central Powers. In an agreement of content as indicated in the present note the United States will have full guarantee that no exportation will take place from Norway of Norwegian products which will make it possible to substitute for products so exported, goods imported from the United States of America in accordance with an eventual agreement.

(b) If any consignment of goods which according to the agreement cannot be exported from Norway to the Central Powers shall be exported to any neutral country which borders

¹ See *Foreign Relations*, 1917, Supplement 2, vol. II, pp. 1073-1074.

on the Central Powers or any one of them, Norway shall by agreement with the Government of such neutral country see to it that no consignment of goods so exported from Norway shall be reexported directly or indirectly to the Central Powers.

The Norwegian Government are further willing—except as regards fish and products of fish about which it is proposed to make a separate arrangement in the general agreement to be concluded (see below)—to agree with the United States to maintain the same restrictions with regard to Norway's free exports which form part of previous agreements between the Norwegian and the British as well as the Norwegian and the French Governments concluded prior to the entrance of the United States into the war.

The Norwegian Government further declare themselves ready to regard favorably the question of an eventual renewal of the so-called branch-agreements concluded between British and Norwegian trade-organizations.

The burdensome clause-system which during the war has developed in connection with commodities which are produced or prepared with the aid of imported implements and auxiliaries, the Norwegian Government do not find desirable. This system also appears less called for in cases where the exportation of a commodity is otherwise restricted. It has therefore recently been suggested to the British Government that this system be discontinued as far as fish goods are concerned, if the exportation to the Central Powers of such goods is restricted as suggested during these present negotiations. If the United States should so demand the Norwegian Government are willing to accept, however, that to a reasonable extent the clause-system shall be retained.

As regards the several paragraphs in the War Trade Board's note of December 19 the Norwegian Government desire to make the following remarks:

1. *Fish and fish products.* The Norwegian Government have noted that it has been agreed that as regards foodstuffs there may be exported from Norway to the Central Powers 48,000 tons export weight of fish and fish products per annum.

With respect to train oil and fish oil it is observed that Norway's own requirements involve the probability that no exportation of these articles can take place during the present year.

As it is admitted, however, that eventual supplies of cottonseed oil from the United States may set free for exportation train oil and fish oil, the Norwegian Government will have no objection, as compensation for cottonseed oil, to grant export license to the United States or their associates for such quantity of train oil or fish oil as Norway herself can spare. A reservation must here be made, however, with regard to a not too limited amount of train oil for medical use. The War Trade Board will no doubt agree that for humanitarian reasons Norway ought to have the opportunity to export to any country a certain amount of this article.

As regards the presupposition of the War Trade Board that the exportation of each class of fish and fish products is to be made in the form customary in the past, the Norwegian Government venture to suggest that they are not quite clear as to how this presupposition

shall be understood, but in case it is meant that the maximum quantity stipulated for export to the Central Powers must not be exceeded the Norwegian Government fully concur and will in future as hitherto exercise a strict supervision in this respect.

2. *Copper.* The Norwegian Government have noticed with satisfaction that the United States are willing, so far as their own needs and those of their associates permit, to assist in every way in supplying the copper needed by Norway. It is furthermore noticed that the United States agree to the exportation to the Central Powers of copper as compensation for copper received, according to the same rules as those stipulated in the copper-agreement between the Norwegian Government and the British Government. The War Trade Board do not find it permissible, however, when the Norwegian Government reserve the right to export to the Central Powers this compensation copper in the form of the copper contents of ores which also contain sulphur. The War Trade Board claim that the compensation copper to be exported by Norway to the Central Powers must only be in the form of crude or refined copper.

To undertake an obligation not to deliver any pyrites to the Central Powers would for Norway involve difficulties. It must not be overlooked that Germany is an old customer of Norway's as regards this article.

Looking only at the last years it may be mentioned that in 1915 Norway exported to Germany 210,000 tons of pyrites and in 1916,—for the period until the exportation ceased in accordance with Norway's copper-agreement with Great Britain—85,000 tons. In 1913, the year preceding the war, Germany received directly from Norway 41,000 tons of pyrites and in transit through Holland and Belgium such considerable quantities that experts calculate Germany's total import of pyrites from Norway that year to have been approximately 90,000 tons. On account of the great scarcity of copper which during the summer of 1916 prevailed in Norway, the Norwegian Government found themselves obliged to conclude an agreement with Great Britain about the supply of 3,000 tons copper against compensation in pyrites. This resulted in a temporary cessation of the export to Germany of Norwegian pyrites. In the course of a few months, however, the obligation to deliver such compensation will probably have been fulfilled, and Norway will once more have her freedom with regard to the exportation of pyrites. The Norwegian Government are nevertheless willing, in case of an agreement following the lines of the present note being concluded, to undertake the obligation to issue export license to United States or their associates for further quantities of pyrites.

The Norwegian Government are also willing in order to facilitate the opportunity for the United States or their associates to purchase pyrites in Norway, not to grant export license to the Central Powers for this article as compensation for copper, prior to May 1, 1918, and not to grant such license for more than 40,000 tons in all in 1918, and not for more than 5,000 tons a month thereafter as long as the agreement between Norway and the United States shall be in force. It is supposed that present conditions would give the United States or their associates the opportunity to buy at least

130,000 tons of pyrites in 1918. This considerably exceeds their importation from Norway in 1917.

The War Trade Board have, in the note of December 19, in making certain observations with regard to pyrites in general, made an exception as regards purple ore. The Norwegian Government take it for granted that this article, which also under present conditions is exported unhindered to the Central Powers, may be still so exported without regard to restrictions in the exportation of pyrites, which the Norwegian Government may bind themselves to in the agreement to be concluded.

3 and 4. The Norwegian Government fully appreciate the importance which the War Trade Board ascribe to *calcium carbide*, *calcium nitrate*, *ferrosilicon* and *molybdenite*. The Norwegian Government concede that the United States may reasonably expect to get the opportunity to buy considerable quantities of these Norwegian products as compensation for supplies of necessities which Norway expect to receive from the United States and their associates. It is just as an expression of such considerations that the Norwegian Government have suggested the exportation to the Central Powers of relatively small quantities of these commodities in the event of an agreement with the United States being reached. The opportunity of the United States and their associates to buy a larger part of Norway's production of these commodities will thereby evidently be facilitated. For Norway to bind herself by an agreement with the United States and their associates to absolutely discontinue the exportation of these articles hitherto going on to the Central Powers would, however, be a matter of such serious nature with regard to the preservation of the neutrality of the country that the Norwegian Government do not find it possible to take such a responsibility. They are desirous, however, also on this question to meet the United States as far as possible, and they are therefore willing, though not without serious hesitation, to agree that the exportation per annum to the Central Powers of these articles for the period of the eventual agreement shall not exceed 15,000 tons of calcium carbide, 12,000 tons of calcium nitrate, 4,000 tons of ferrosilicon and 30 tons molybdenite. These annual quantities are to be calculated from the date when the agreement with the United States comes into force.

The quantities of these articles which the United States and their associates will get the opportunity to buy when the exportation to the Central Powers is restricted as indicated above, are mentioned under paragraph 7 hereafter, together with certain other chemical and metallurgical products.

5. The Norwegian Government are willing not to permit exportation from Norway, as long as the agreement is in force, of the following commodities: *antimony*, *bismuth*, *manganese*, *mica*, *nickel*, *tin*, *titanium* and *wolfram*. The Norwegian Government agree that this paragraph shall be understood to cover also ores and alloys of the commodities mentioned. In consideration of the importance which the War Trade Board attach to *chrome*, the Norwegian Government, in order to facilitate the opportunity of the United States and their associates to buy this commodity in Norway, are willing for the duration of the agreement not to allow exportation to any other country of chrome or ores and alloys thereof.

The Norwegian Government will not omit to state, however, that the essential part of the production of the Norwegian chrome mines for a considerable time ahead has been contracted to Sweden. This exportation to Sweden is apparently of importance to the Swedish ball-bearing industry, the production of which is presumably of benefit also to the United States and their associates. In this connection the Norwegian Government desire to direct attention to the great services which the Norwegian smelting industry is rendering the Allies through its production of ferro-chrome. In 1917 about 3,000 tons of this product almost entirely made from imported chrome ore were exported to the Allies. In 1918, provided an agreement being concluded, it may be calculated that about 5,000 tons can be thus exported.

6. This paragraph does not occasion further remarks.

7. As stated in the introductory remarks in the present note the Norwegian Government accept the general principle that Norway shall not export to the Central Powers any commodity or part thereof which Norway according to an eventual agreement with the United States obtains from the United States or their associates. The possibility mentioned by the War Trade Board that such exportation might take place will thus be excluded. Under this paragraph the War Trade Board further mention various Norwegian export articles, many forms of nitrate (apart from calcium nitrate already mentioned), iron ore, steel, zinc and aluminium, which may be used as ingredients of munitions and supplies of war. As regards these articles the War Trade Board observe that if the proposal of the Norwegian Government should be accepted Norway would be in a position to export to the Central Powers these articles in unrestricted quantities. The War Trade Board submit to the Norwegian Government to prevent exportation to the Central Powers of all such articles. In reply to this the Norwegian Government desire to point out that they do not find it right in an agreement with the government of a foreign country, to bind their country in a general way not to export articles of Norwegian origin, which are not specifically mentioned in such agreement. In view of the endeavours to preserve the neutrality of Norway the Norwegian Government cannot as regards the articles just mentioned bind themselves to discontinue entirely the exportation to the Central Powers which has taken place so far. The Norwegian Government are willing, however, to permit exportation to the United States and their associates also of these articles in such considerable quantities, as compensation for supplies which these countries will grant Norway, that only small quantities will remain for exportation to the Central Powers.

The Norwegian Government desire in this connection to direct attention to the fact that the existing clause-system places additional effective restraints on the exportation from Norway to the Central Powers. Wherever machinery, coal, oil, kerosene or other auxiliaries imported from the Allies are being used in producing any of the above mentioned commodities this fact will under the clause-system prevent a number of commodities from being exported to the Central Powers.

According to calculations which have been made, the situation, as it appears at the present time, should give the United States and their associates the opportunity to buy approximately the following quantities per annum:

Chemical products: nitrates 90,000 tons, cyanamide 10,000 tons, calcium carbide 30,000 tons, silicium carbide and similar products 3,000 tons, total 133,000 tons.

Metallurgical products: aluminium 12,000 tons, zinc 20,000 tons, sodium 500 tons, ferrosilicon 20,000 tons, ferrochrome 5,000 tons, special steel hobnails and nails 3,000 tons, total 60,500 tons.

Minerals: iron ore concentrate and brickets 200,000 tons, pyrites 130,000 tons, molybdenite and other ores of the same class 300 tons, total 330,300 tons.

Wood and manufactures of wood: round timber, mainly pitprops 150,000 tons, sawn planed wood in all 400,000 tons, pulp (dry weight) 125,000 tons, chemical pulp (cellulose) 200,000 tons, paper 125,000 tons, matches, 5,000 tons, total 1,005,000 tons.

The Norwegian Government pledge themselves in case of an agreement being concluded to grant export license to the United States and their associates for such quantities of these articles as they might buy in Norway, provided Norway's own requirements shall not prevent this.

A very strong and widespread feeling has developed in Norway demanding that export prohibitions should be issued for all articles of importance in order that Norway shall be in a position to prevent that such articles go out of the country without corresponding advantages being received in compensation. And the Norwegian Government, in order to be able to regulate the country's commercial relations to all sides, have under consideration to issue export prohibitions for the articles which primarily are under discussion here and which are not already subject to export prohibitions. According to the above proposal Norway will as compensation for the essential supplies which it hopes to receive from the United States and their associates, permit the far predominant part of its export surplus to be exported to these countries. In order to maintain her economic life Norway, however, also needs supplies from the Central Powers and it is therefore necessary that it shall remain in a position to render services in compensation for such supplies.

8, 9 and 10. The Norwegian Government have noted that the War Trade Board, in their note of December 19, have stated that in case of an agreement being concluded the reasonable requirements of Norway can and will be met and that the United States and their associates will spare no effort to attain this end. The Norwegian Government have also noted the statement of the War Trade Board to the effect that the Board will exercise all their power in granting export license for the commodities covered by an eventual agreement, as well as for bunker coal and ship stores to facilitate the transportation to Norway of such commodities. The Norwegian Government have further noted that the War Trade Board have received the assurance of the Allied Governments that they will in every way facilitate the transportation to Norway of all commodi-

ties which shall be shipped in compliance with an eventual agreement. The Norwegian Government have also in a note, dated January 9, from the Minister of the United States at Christiania, received a declaration to the effect that in case a satisfactory agreement is concluded Norway will get "rations estimated to satisfy her legitimate requirements." In this declaration the British, French and Italian Ministers at Christiania have also joined, acting under instructions from their respective Governments. The Norwegian Government see in this a binding intimation that the quantities of foodstuffs and other articles which are required by Norway shall actually reach that country.

With regard to the stipulation of such quantities required by Norway, Doctor Nansen's commission has already submitted to the War Trade Board an extensive material. The Norwegian Government have by cable from Doctor Nansen, received in Christiania January 20, made themselves acquainted with the War Trade Board's proposal as regards the stipulation of quantities of various articles. This proposal is now under consideration in the Government departments concerned, and the Norwegian Government will express their views upon the matter with as little delay as possible.

The War Trade Board have stated that they consider it a matter of course that the Norwegian Government will consult the United States and their associates with regard to the sources from which Norway expects from time to time to obtain her supplies. The Norwegian Government presume that there will be nothing to prevent this as far as oversea supplies are concerned.

11. As to the duration of the agreement the Norwegian Government have noted that the War Trade Board accept that the agreement shall be operative for the period of the war, subject to termination by either party at the expiration of one year from the date of the agreement and at any time thereafter, of such termination a notice of three months shall be given.

With regard to the observations of the War Trade Board to the effect that the above-mentioned stipulation of the fish export to the Central Powers (an average of 4,000 tons per month) shall begin already on December 24, 1917, the Norwegian Government wish to state that they have seriously considered the possibility of accepting this, but that they find themselves unable to do so, because such a limitation would in its consequences have the nature of a retroactive measure of restriction towards Germany.

In order to show their serious will to meet also in this respect the wishes of the War Trade Board the Norwegian Government have already shortly after the receipt of the War Trade Board's note of December 19 instructed Doctor Nansen to inform the War Trade Board that the Norwegian Government will temporarily maintain for the month of January the 15 per cent limit for exportation to Germany of the kinds of fish and fish products for which the obligation of Norway according to her treaty with Great Britain to maintain such limit expired on December 26. As similar considerations would apply also as regards the month of February the Norwegian Government must also as regards this month confine themselves to maintain the 15 per cent limit as hitherto.

The War Trade Board have expressed the expectation that the Norwegian Government will supply periodical statistics of imports

and exports from Norway whenever the United States and their associates may request it. The Norwegian Government are willing to do so.

The Norwegian Government feel that it cannot conclude their answer to the American note without expressing the warm wish that it will be appreciated that Norway has tried to meet the United States as far as the Norwegian Government have found it compatible with the vital interests of the country. Norway offers as compensation for the necessary supplies from the United States and their associates the far predominant part of her exportation in addition to the exceedingly important services and sacrifices which the Norwegian merchant marine has rendered during the war. What Norway desires in exchange from the United States of America and their associates is nothing but supplies which are indispensable for the maintenance of the health, vitality and productive powers of the Norwegian people.

In communicating the above I wish to express my readiness, if you should so desire, to discuss with you further any points in the present note.

Believe me,

Very truly yours,

FRIDTJOF NANSEN

War Trade Board Files: American-Norwegian Agreement, Vol. II

The Norwegian Minister on Special Mission (Nansen) to the Chairman of the War Trade Board (McCormick)

WASHINGTON, February 4, 1918.

MY DEAR MR. MCCORMICK: In connection with my note of the 2d inst. I believe that I ought not to leave you unacquainted with the comment which quite recently appeared in the *Deutsche Allgemeine Zeitung*, referring to the now published American proposal for an agreement with Norway. The comment which by Wolff's Bureau in Berlin was communicated telegraphically to Christiania, read as follows:

Such a onesided interpretation of neutrality, which in Norway has also been practiced and already on several occasions has led to exchanges of notes with the Central Powers, can evidently not this time remain unanswered. The Norwegian Government must make themselves familiar with the thought that the answer from Germany will not confine itself to an exchange of notes, but will through contrary measures endeavour to make the German viewpoint respected.

I need hardly add that the *Deutsche Allgemeine Zeitung* is the recognized mouthpiece of the German Government.

Believe me,

Very sincerely yours,

FRIDTJOF NANSEN

File No. 657.119/272

The Minister in Norway (Schmedeman) to the Secretary of State

[Telegram]

CHRISTIANIA, February 5, 1918, 6 p. m.

[Received February 6, 4.25 a. m.]

505. This morning's newspapers carry official statement of Norwegian reply to War Trade Board's last proposal. The announcement appears to contain full substance of Norwegian note to Board with the exception of section 6 which is described as touching upon non-export of other foodstuffs than fish and fish products and as requiring no comment. I note that the Norwegian Government regards our statements concerning our willingness to make every effort to make Norway's legitimate requirements in case of an agreement as "a binding engagement that the quantities of food supplies and other commodities which Norway requires shall really come to Norway," and I would call special attention to the possibility of mistakes arising on this point.

British Minister informs me that he saw Minister for Foreign Affairs late last night and was told in reply to a question that the publication of the Norwegian note should not be construed as Norway's last word and that on the contrary Norway desired to continue the negotiations.

With reference to third paragraph my telegram No. 504, February 4, 5 p. m.,¹ I am now able to confirm substantial accuracy of unofficial information therein reported regarding the Norwegian note to Germany offering certain commodities to Germany though I do not know what commodities and quantities thereof were so offered.

SCHMEDEMAN

File No. 657.119/331a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, February 9, 1918, 8 p. m.

6523. For Sheldon [from War Trade Board]:

No. 87. The following is for your information and very confidential. Following *note verbale* was delivered by us to Nansen today:

There would appear to be only a few outstanding points between the letter of the War Trade Board of December 19 and the Norwegian reply of February 2. It is suggested that these outstanding points might be cleared up by an agreement to the effect that exports to the Central Powers should be limited to the articles as appearing in the statement which has been handed to us as a complete list of

¹ Not printed.

actual exports (excluding fish) for the partial year to May 1917. It is suggested that these exports be allowed in proportional quantities subject to the general limitations agreed to in the Norwegian letter of February 2 and to the following specified limitations:

Calcium carbide.....	8,000 tons a year;
Calcium nitrate in blocks.....	8,000 tons a year;
Ferrosilicon.....	1,000 tons a year;
Iron ore.....	40,000 tons a year;
Zinc.....	1,000 tons a year;
Aluminum.....	40 tons a year;
No domestic animals or products thereof;	
No old metals;	
No nitrogen compounds other than specified above;	
No molybdenum;	
No pyrites.	

If after the conclusion of the agreement Norway should desire to export to the Central Powers further articles not mentioned or additional quantities of those limited, this would be sympathetically considered if the necessity should be shown therefor but no such exports would be made without prior written agreement with the War Trade Board.

If the Norwegian Government will accept these modifications of our proposal of December 19 and grant power to their representative to negotiate and execute a definitive agreement the War Trade Board will conclude the arrangement.

At time of delivery, it was stated orally to Nansen that the above memorandum was without reservation the last word of the Board to Norway upon this subject, and that if the Board's proposal as modified, should not be accepted by Norway, the negotiations would be terminated and the embargo continued in full force. Repeat in full to Christiania.

LANSING

File No. 657.119/303

*The Norwegian Minister on Special Mission (Nansen) to the
Secretary of State*

WASHINGTON, February 13, 1918.

MR. SECRETARY OF STATE: The Norwegian steamer *Kim* has been held at Norfolk since December 12 being refused cargo license in transit by the War Trade Board. She carries a cargo of oilcakes for the Norwegian Government from Buenos Aires. Her cargo consists of about 4,300 tons cottonseed cakes and about 4,300 tons rapeseed cakes and a small lot of about 63 tons earthnut oil in cases, which goods all are sorely needed in Norway where there is absolutely scarcity of feedingstuffs since our imports of oilcakes from this country were stopped. S.S. *Kim* left this country in September for Buenos Aires to take the above specified cargo for Norway

and before being allowed to clear from here she had to give a guarantee of return to the United States of America, but at that time no mention was made that she would be likely to be held here with her cargo on her return or that she might not be allowed to proceed to Norway. I will not omit to state that if any such intimations had been made she would not have proceeded to Argentine for this cargo.

During the month of October the Norwegian Government contemplated sending two more steamers to Argentine for grain and feedingstuffs but on that occasion I was informed that those steamers on return to this country might not be allowed to proceed with their cargoes to Norway unless an agreement between Norway and United States at such time had been concluded. I consequently made other arrangements for those boats.

On the return of S.S. *Kim* to United States of America in December the bunker license as well as cargo license was applied for and the bunker license was granted on December 15, while the cargo license was refused by the War Trade Board. Later the bunker license has been revoked.

S.S. *Kim* has now been idle in this country for about two months at an expense to the Norwegian Government of \$220,000. The steamer is one of the largest and most valuable Norwegian ships with a capacity of about 10,000 tons and every day she is idle increases greatly the scarcity of tonnage which I think under the present circumstances by all means should be avoided.

S.S. *Kim* proceeded in good faith to Buenos Aires returning to [this] country according to the guarantee given and I now take the liberty to put this matter before you asking the favor to have the steamer released and allowed to proceed to Norway with her cargo. I think there are several good reasons for such friendly attitude outside of the existing treaty to which I have not appealed.

Hoping at your earliest convenience to be honored with a favorable reply to this my respectful request and assuring you that such accomodating action will be greatly appreciated by

Yours very sincerely,

FRIDTJOF NANSEN

War Trade Board Files: American-Norwegian Agreement, Vol. II

*The Norwegian Minister on Special Mission (Nansen) to the
Counselor of the War Trade Board (Chadbourne)*

WASHINGTON, February 14, 1918.

DEAR MR. CHADBOURNE: Confirming my conversation with you and Mr. White this afternoon I hereby inform you that I have received the following communication from my Government:

The Norwegian Government will modify their proposal of February 2 thus far that it should be allowed to export yearly to the Central Powers (not considering 48,000 tons of fish and fish products) 10,000 tons of calcium carbide, 8,000 tons of calcium nitrate, 2,000 tons of ferrosilicon, 40,000 tons of iron ore, 1,000 tons of zinc, 40 tons of aluminium, no domestic animals or products thereof, no old metals, no nitrogen compounds other than specified above, no molybdenum, no pyrites. Of other articles not mentioned above there should not be exported others than those exported during the year 1917 and in corresponding quantities. A statistical list of this export is now being cabled to me.

My Government presuppose that the American proposal is to be understood thus that besides the above-mentioned limited quantities to be exported of iron ore and zinc it may also be allowed to export the necessary quantities of these articles as compensation for iron and steel goods and raw zinc received from the Central Powers.

My Government do not consider it correct to use the statistics of the export of the first five months of 1917 as a basis for our agreement, but think the export of the whole year 1917 ought to be used for this purpose.

My Government are aware that by conceding to such a considerable reduction of our export to the Central Powers Norway's relations to them will be made very difficult and my Government therefore sincerely regret that they cannot see their way to accept any further reduction or limitation of the export to the Central Powers than is here offered. According to investigations they have made, both the Norwegian Foreign Minister and the Prime Minister would consider this too dangerous for Norway.

The quantities of 10,000 tons of calcium carbide and 2,000 tons of ferrosilicon were suggested by the French Minister in Christiania. I confidently hope that the War Trade Board can see their way to accept these figures and that we will thus be able to reach an agreement.

I sincerely hope that you and Mr. White will use your influence to have this matter settled, and make me happy by a favorable answer at your earliest convenience.

Believe me, dear Mr. Chadbourne,

Very sincerely yours,

FRIDTJOF NANSEN

P. S. I have not yet received the cable with the statistics of our export to the Central Powers in 1917 but shall of course let you have it at once when it arrives.¹ I do not believe that that will cause any difficulties for our agreement.

¹ Statistics submitted Feb 16 not printed; the figures in schedule H of the final agreement, *post*, p. 1181, are taken from them.

War Trade Board Files: American-Norwegian Agreement, Vol. II

The Norwegian Minister on Special Mission (Nansen) to the Chairman of the War Trade Board (McCormick)

WASHINGTON, February 16, 1918.

MY DEAR MR. MCCORMICK: In view of the possibility of a general agreement being reached my Government have cabled me the following communication referring to the proposed schedule of commodities handed to me by the War Trade Board on January 18 and 24 last:¹

Under the now prevailing scarcity of foodstuffs and other commodities in the world, the Norwegian Government consider it a matter of course that also Norway must reduce her demands for supplies to what is strictly necessary, and the following observations are made out from that point of view.

We accept the proposal of 300,000 tons of bread-grain including rice, but we must point out that if wheat or rye are substituted by barley, 1.4 tons of barley would, as already mentioned on a previous occasion, be required for each ton of wheat or rye. We accept 10,000 tons of meat and pork, 50,000 tons of sugar, 1,000 tons of starches, 1,400 tons of cocoa (but would, however, appreciate to see this quantity somewhat increased), 14,500 tons of coffee, 160 tons of tea, 80 tons of sauces and pickles, 5,000 tons of syrup (but would be very thankful for somewhat more), 382 tons of spices, 4,000 tons of dried fruit, 6,000 tons of fresh fruit. We notice that it is proposed to let us have 10,000 tons of vegetable and animal oils and fats and 20,000 tons of oil-seeds for our seed crushing plants, and we accept this, assuming that only oils and fats for food are meant, and that in these quantities are not included the oils required for the canning industry, the products of which are chiefly reexported to the United States and their associates. We also suppose that the stocks of oils and fats now in Norway have already been considered when the above-mentioned quantities were fixed, and that such stocks shall consequently not be deducted from the quantities given. We accept 76,500 tons mineral oils. Of oilcakes and Indian corn, the quantities of which the War Trade Board do not give, we need altogether 180,000 tons if the importation of grain is reduced to 300,000 tons. The stocks of imported fodder are at present very small; of oilcakes there is practically nothing in the country and of Indian corn not more than 2,000 or 3,000 tons. The War Trade Board give no quantity for rock phosphate. We need at least 40,000 tons. We accept 500 tons rubber, etc., but think this quantity is small and presume that tires and rings of automobiles and bicycles are not included in this quantity. We accept 110 tons silk yarn and tissues, 8,000 tons cotton raw, yarn and manufactures, 3,700 tons wool, wool yarns and products. Besides this we need at least 6,500 tons flax, hemp, jute and tow (raw material and products). We accept 800 tons corkwood, 80 tons borax and boric acid. 350 tons asbestos is insufficient and we would much appreciate to get

¹ See telegrams to the Minister in Norway, No. 207, Jan. 19, and No. 218, Jan. 30, *ante*, pp. 1113 and 1117, respectively.

more. The War Trade Board offer us metals. As regards the various metals we make the following remarks: 80 tons raw tin is too little and we must maintain that we need 500 tons raw and manufactured tin as mentioned in a cablegram to the Commission in November last year. We accept 1,000 tons lead, 12 tons antimony (would much appreciate to get 50 tons). As regards iron, steel and copper the War Trade Board do not mention quantities.* We take it that the requirements of tinplates for the canning and milk-condensing factories will be duly considered; at least 30,000 tons are needed. The requirements of electrode-carbon and carbon electrodes is steadily increasing and the quantity ought not to be less than 5,000 tons. In the cablegram of November mentioned above an importation of 5,000 tons of hides and 7,000 tons of tanning extracts was intimated. We suppose that these quantities may now be reduced until 30 per cent, Norway having now developed a national industry in this field.

We note that the War Trade Board offer us machinery of all kinds, agricultural machinery included, and we conclude that our requirements in this respect will be covered. The same applies to fixtures, motorcars, motortrucks, bicycles, writing machines, cash registers, accounting machines, hardware and tools, chemicals, dyes, colors, drugs, medicines, resin, tobacco, tanning extracts, shoes and rubbers. We mention the following quantities of some of these articles: paraffin wax, stearine, stearine acid and palm acid 750 tons, vegetable and mineral turpentine and white spirit 350 tons, varnishes 370 tons, shellac 68 tons, rape oil 120 tons, ceresin, carnauba-wax 40 tons, oils, not specified, 1,500 tons, resin 400 tons, tobacco 2,000 tons, shoes and boots and rubbers (mostly rubbers) 200 tons, rubber covers for automobiles and motortrucks 17,000 pieces, rubber tubes for same 8,300 pieces, solid rubber tyres for motortrucks 1,100 pieces, rubber covers for motorcycles 2,100 pieces, rubber tyres for same 2,100 pieces and further tyres forming part of automobiles being imported ("equipment tyres").

The Norwegian Government accept the promise of the War Trade Board, that if it shall be found that the quantities stipulated are not sufficient for the needs of Norway, further quantities may be granted in addition thereto.

We take it that the quantities especially mentioned in the American proposals will be available under any circumstances, presuming that in stipulating these reduced quantities the needs of the United States and their associates as well as other neutrals have been taken into consideration.

We presuppose that the further dividing into different kinds of qualities of goods, inside the limit of the total quantities stipulated by the agreement, will, as far as certain groups of articles are concerned, be made with a view to the peculiar conditions in Norway, in a way which, for instance, will make it possible to obtain adequate quantities of the various kinds of mineral oils.

The War Trade Board observe that the stocks of imported food-stuffs and other supplies which may exist in Norway are to be

* The Norwegian Mission will be pleased to submit at an early date figures relating to Norway's requirements of these articles. [Footnote in the original.]

deducted from the quantities given. If this is to be understood this way, that goods arrived in Norway after January 1, 1918, and prior to the eventual agreement coming into force, and for which goods annual quantities have been stipulated, shall be counted in the quantities for 1918, the Norwegian Government of course agree. If the understanding should be, however, that also old stocks of imported goods shall be thus deducted the Norwegian Government venture to observe that such stocks are now considerably reduced as far as most of the goods are concerned. The Norwegian Government want, however, also in this respect as far as possible, to meet the wishes of the War Trade Board. The Norwegian Government take it that presumably no difference of opinion prevails as to the necessity of the existence in Norway at any time of not too restricted stocks of necessary articles. As a minimum the Norwegian Government believe that there should always be found in the country supplies sufficient for four months consumption. With such stocks only will Norway be secured against difficulties if there should appear irregularities or disturbances in the importation of supplies. Under the present conditions one cannot omit to consider such an eventuality. It must also be emphasized that the scattered settlement and difficult communications of Norway make an immediate use of the imported goods more difficult than in other countries. The Norwegian Government must also take it for granted that as soon as an agreement has been reached the moving of supplies to Norway shall be undertaken with the greatest possible intensity, in order to counteract the consequences of the country having now for many months to a great extent had her supplies blocked. In the United States as well as in the countries associated with them there are now lying considerable quantities of goods of the most varied kinds, which have been bought and partly paid [for] by Norwegian importers. It must be self-evident that as soon as an agreement has been concluded these consignments, thus detained, shall immediately and within the terms of such an agreement, be permitted sent to Norway. It is also evident that Norwegian importers who have bought goods, license for which shall not be covered by the agreement, shall be given an opportunity to dispose of such goods without loss.

The War Trade Board make the granting of the quantities mentioned dependent on the condition that Norway continues certain exports to the associates of the United States. In this connection the Norwegian Government refer to the statements to this effect which they have made in their note of February 2,¹ transmitted by Doctor Nansen.

In transmitting the above communication my Government have requested me to express to the War Trade Board their satisfaction with the proposals submitted, which, as will be seen from the above, they accept in all essential points, and also to express the confidence of the Norwegian Government that also quantities, about which difference of opinion exists, shall during our continued negotiations be stipulated in a satisfactory way. My Government have further re-

¹ *Ante*, p. 1118.

quested me to express the confident expectation that it will also be possible to reach an understanding with regard to goods the quantities of which the War Trade Board have not in their proposals made any mention.

Believe me, my dear Mr. McCormick,

Very sincerely yours,

FRIDTJOF NANSEN

File No. 657.119/372a

The Secretary of State to the Minister in Norway (Schmedeman)

[Telegram]

WASHINGTON, February 21, 1918, 8 p. m.

239. For Schmedeman from War Trade Board:

We have concluded to allow *Kim* with cargo to sail and Great Britain simultaneously will permit *Nobel* to sail. We have closed with Norwegian Government on terms our *note verbale* February 9,¹ except increasing calcium carbide to 10,000 tons and ferro silicon to 2,000 tons, and are preparing agreement for signature.

LANSING

File No. 657.119/320

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, February 26, 1918, 7 p. m.

[Received February 27, 5.32 a. m.]

8814. For your information and the immediate attention of the War Trade Board. Sheldon has just received from Lord Robert Cecil the British comments on the latest Norwegian counterproposal and the general state of negotiations with that country. Herewith follows a brief summary of the letter.

While the Norwegian reply is not the unqualified acceptance of the American proposal on which it was understood to be the intention of the United States Government to insist, and while the reply regarding the rations might be viewed unsatisfactorily in many respects, nevertheless the points of view of the negotiators appear now to have approached each other sufficiently to justify the hope that an agreement in principle of all outstanding points may shortly be reached.

If this hope is realized, the first stage in the negotiations will end, and it will remain to embody the understanding arrived at, in the form of an agreement. I therefore wish to take this opportunity to draw the attention of the American Government to certain further considerations, offering these merely as useful suggestions, it being in no way our intention to encroach upon the province of the United States authorities responsible for the conduct of negotiations.

¹ See telegram No. 6523, Feb. 9, to the Ambassador in Great Britain, *ante*, p. 1127.

These are the following:

1. The War Trade Board has to date treated the Norwegians with great liberality both as regards rations and as regards exports to the enemy, and the American Government will no doubt realize the importance of not allowing their liberality to be abused, and of defining, in the strictest terms in the formal agreement, the limits set to the concessions made by them, and the reservations accompanying those concessions. . . .

2. Our hope has already been expressed that the American Government will not commit themselves to any undertaking to guarantee the arrival in Norway of goods to the amount of the proposed rations. This point becomes extremely important in view of the Norwegian note of February 2, as the Norwegian Government regard joint communication made to them on January 9 by the United States and Allied ministers at Christiania, (to the effect that: "Provided a satisfactory arrangement with the United States and the Allies was concluded Norway would receive rations to satisfy her legitimate requirements") as superseding what was said in the War Trade Board's letter of December 20 and as meaning that the United States and the Allies now undertake that goods to the amount of the rations will actually reach Norway. This is, of course, not so and we consider the War Trade Board's letter goes to the utmost length to which it appears possible to go in this matter of assuring supplies, and we trust that the Norwegians will be disabused of any idea to the contrary.

3. Furthermore, to guarantee the arrival of these supplies would be to put a premium on the sinking of Norwegian supply ships by the enemy. This point is a very important one, bearing on the amount of tonnage at the disposal of the Allies in view of the stipulations of the tonnage agreement that we are to leave Norway sufficient tonnage for her own requirements. The United States and Allied ministers at Christiania have discussed the seriousness of this matter and the desirability of encouraging the Norwegians to obtain a formal undertaking from Germany not to sink ships carrying supplies to Norway. It is possible that the Norwegians should be moved to make such an undertaking a *sine qua non* of exports to the enemy.

4. In view of the Norwegian pretensions it shall be made clear that any rations fixed comprise the imports of the articles specified from all sources, including European sources, and for all purposes, and that extra quantities must not be expected in the absence of special specific arrangements for the purpose of producing articles exported to the Allies. It would also appear desirable to have an understanding first as to how far stocks already in the country at the date on which new rations begin are to be chargeable to those rations. We hope that apart from existing commitments Norway will not be allowed to draw on the United States for any portion of the rations until a satisfactory final agreement has actually been signed.

5. Another point we consider of importance to deal with in very precise terms in the final agreement is that of the maintenance of exports to the Allies, these supplies being in some cases essential to the Allied cause, such as that of the nitrates supplied to France. The assurances hitherto given under this head by the Norwegians have been vague and are further qualified by reservations in regard

to home requirements, which latter though sounding reasonable cannot be admitted in a general form without danger. We wish to call attention to a tendency to regard certain commodities such as nitrates and carbide as assets for the purposes of the inter-Scandinavian exchanges and to invoke home requirements, such as aluminum, for purposes for which aluminum has never been used before, that is, as a substitute for copper for electrical purposes. These tendencies might be developed to a dangerous extent under German tutelage, and can only be counteracted by a definite understanding that, so long as the agreement is in force, the Norwegian Government will do nothing to interfere with exports to the Allies on at least the same scale as exports before the United States Government entered the war, or to prevent such exports from being increased where such increase can be effected without prejudice to *bona fide* Norwegian requirements for home consumption. In this regard I would call your attention particularly to the cases of the refined aluminum and the manufactured condensed milk, certain raw materials for the production of which are sent to Norway by the Allies. It is for consideration whether a list of articles the export of which to the Allies will be allowed unreservedly so far as the Norwegian Government are concerned up to stated minimum amounts should not be appended to the agreement.

6. The United States Government will doubtless consider it necessary to define in the formal agreement more exactly than has hitherto been done the manner in which the distribution and ultimate disposal of rationed and other articles reaching Norway is to be controlled in the interests of the blockade. It is essential not only to prevent direct trade with the enemy but that such conditions and requirements should be imposed as to exclude the possibility of indirect trade with the enemy through neutrals. It is also essential that the goods should not at all come into the hands of persons or firms identified in any way with enemy interests and it is desirable that the distribution of the goods in Norway should be as equitable as possible.

7. It is felt here by our representative in Christiania and I believe by the War Trade Board that in the case of articles previously covered by agreements made between the British Government and various trade associations in Norway with the concurrence of the Norwegian Government the necessary control can best be exercised by reviving those agreements and that this system might usefully be extended to other important articles. The British Minister at Christiania received the impression that the Norwegian Government favor the alternative of a new system more or less on the model of the Netherlands Oversea Trust. We wish to disapprove of this latter proposed system, and we hope the United States Government will hold the Norwegian Government to the statement in their note of February 2 that they are "favorably disposed to an eventual renewal of the so-called branch agreements", and will make express provision in the formal agreement with the Norwegian Government for such renewal and for the extension of the "branch agreement" system to other important articles. A considerable extension of the system now in vogue should present no difficulty as we have been for some time in touch with associations which are prepared to

undertake the control of many articles not hitherto covered by agreement. Goods remaining outside the system even after such extension might continue to be imported under the "ordinary undertaking" which has worked satisfactorily, or some central body might be set up to deal with such goods only. The ordinary undertaking might be improved by the addition of a clause forbidding resale or sale of products to persons or firms not allowed to receive goods under agreements.

8. As all branch agreements are not equally satisfactory, we are therefore, willing to include in the formal agreement some formula which will admit of the previous branch agreements being revised and standardized.

9. We trust that the United States Government will make no concession to the Norwegians regarding what they call "the burdensome clause system." Controlling directly as they do so many of the sources of imported articles, the United States and Allied Governments are more than ever entitled to insist on specific guarantees as to the disposal of goods allowed to reach Norway, and of all products, however remote, of such goods.

10. As to whether the branch agreements should be revived and extended in the form of agreements between the British Government and the Norwegian associations concerned to which the United States Government might adhere, or whether they should be given the form of agreements between the United States Government and the associations supplementary to the main agreement between the United States Government and the Norwegian Government, we would recommend the first alternative since we are already in close touch with the associations and since a revival of the agreements in this form would be the simplest course as respects procedure. This method would also admit of supplementary negotiations with the associations being conducted in London or Christiania or both, and this would be advantageous in negotiations with a large number of associations owing to the greater accessibility of these capitals as compared with Washington.

11. We hope that, in defining in the formal agreement the obligation of the Norwegian Government to furnish statistics, it will be definitely laid down that such statistics must be detailed as regards commodities, countries of origin, and countries of destination; that they must be furnished for stated periods and within a stated time; and that they must include all trade whether with neutrals or belligerents.

12. With regard to the exports to be permitted to the enemy we trust it will be made clear (a) that the agreed figures include all exports for all purposes, regardless of whether the goods are sent in exchange or whether they represent the product of raw materials sent from enemy countries to be worked up; and (b) that all application for permission to export must be considered with reference to the three-fold limitation imposed by the fixing of the specific quantities for certain articles, by the exclusion of all export of articles not on the agreed list, and by any guarantee or [clause] affecting imported articles, raw materials, or measure of production. In this regard the reference to iron ore and zinc in the latest Norwegian communication illustrates the importance of first stipula-

tion (a); as for (b) it would appear to have been already made sufficiently clear, but the Norwegian suggestion respecting aluminum makes this seem doubtful.

13. Finally, I would draw attention to the necessity for specific provision against the danger of quantities of goods, over and above those expressly allowed, being exported to the enemy through adjoining neutral countries. The only way to guard effectively against this would be to stipulate that all exports from Norway to such countries, whether the goods are of purely Norwegian origin or not, should be made subject to agreements which will preclude reexport or export of products from those countries to the enemy.

The British Government are very anxious that these points should be noted before the drafting of the final agreement with Norway and they emphasized the importance of the phraseology of our stipulations. Copies of Cecil's letter will be forwarded in the pouch leaving this week. This telegram has been repeated to Christiania for the information of Schmedeman.

PAGE

The Draft Agreement Submitted to the Associated Governments, March 2—Draft of April 1—Discussions on the Basis of These Drafts—Norway's Reaffirmation of Neutrality, March 9: Attitude of the Associated Governments—Agreement for Chartering Norwegian Sailing Vessels, April 20

File No. 657.119/330a

The Acting Secretary of State to the Ambassador in Great Britain
(Page)

[Telegram]

WASHINGTON, March 2, 1918, 7 p. m.

6751. For Sheldon [from War Trade Board]:

No. 158. The following proposed memorandum with Norway has been favorably passed upon by French, British, and ourselves here. Please immediately submit same to French and British there and request they expedite consideration and express approval or disapproval with comments, as Nansen impatient to sail and Germany is renewing warnings to Norway against agreement with us.

MEMORANDUM BETWEEN THE WAR TRADE BOARD AND THE NORWEGIAN GOVERNMENT IN REGARD TO LICENSING EXPORTS FROM THE UNITED STATES TO NORWAY

The War Trade Board, an administrative agency empowered by Executive order of the President to license exports from the United States, has, in conference with the representative of the Norwegian Government, considered the annual requirements of Norway during the continuance of the present war, for which period this arrangement shall continue, subject to termination by either party at the expiration of one year from date and at any time thereafter by either

party upon giving three months' notice of intention to terminate the same; and, in order to set forth in definite form a statement of the estimated requirements of Norway for said period and the conditions, rules, and regulations under and in accordance with which licenses therefore shall be issued, it is hereby declared:

ARTICLE I. (1) The powers of the War Trade Board are administrative and pertain wholly to the Nation's domestic or internal affairs. The Board does not possess power or authority to negotiate or make any agreement binding upon the Government of the United States nor to act in regard to the policy of the United States relating to foreign affairs.

(2) It is the desire of the said War Trade Board that Norway shall receive her estimated needs of the articles enumerated in the several schedules annexed in so far as the same, first, are not required for consumption in the United States and in so far as the exportation thereof will not so reduce available supplies as to interfere with the rationing of the nations associated with the United States in the war, and second, will not, if their exportation to Norway is permitted, directly or indirectly benefit any country or ally of any country with which the United States is at war.

(3) In consideration of the stipulations hereinafter set forth the said War Trade Board establishes the rules and regulations herein set forth and declares it to be its policy to license the export or facilitate the obtaining, as the case may be, of the estimated requirements of Norway enumerated in the schedules A, B, C, D, E, F, and G¹ hereto annexed and made a part hereof.

(4) If sufficient quantities to supply the estimated needs are not deemed available for exportation from the United States at the time required, export licenses shall be granted for as great a part thereof as is available compatible with the rules and regulations herein set forth and the policy declared. And said Board will grant licenses for bunker fuel and ships' stores to vessels transporting the remainder of said commodities to Norway from other countries.

ART. II. The consideration for granting such export and bunker and ship store licenses for the exportation from the United States and other countries to Norway of the articles enumerated in the annexed schedules is the undertaking of the Norwegian Government to faithfully fulfill and observe each of the following stipulations:

(1) The commodities enumerated in the schedules annexed for which licenses may be granted are based upon the total estimated import needs of Norway for each 12 months' period during the continuance hereof, and since these commodities are to be withdrawn from already restricted world supplies it is expressly understood that all supplies Norway is enabled to import shall as and when imported be deducted from the commodities set forth in said schedules.

Owing to the fact that supplies in the United States are restricted and as an inducement for Norway to obtain elsewhere a part of her requirements and thus save in the use of tonnage, it is understood that in reckoning imports pursuant to the provisions hereof each

¹ *Post*, p. 1146.

ton of the commodities enumerated in the schedules annexed obtained from Russia shall be counted as the equivalent of one-half ton obtained elsewhere.

The importation into Norway of the articles described in the said annexed schedules is for consumption in Norway, and the quantities thereof which shall be licensed (notwithstanding the aggregate quantities set forth in the schedules annexed) shall at all times be limited by the genuine normal internal requirements of Norway, with due regard to existing stocks and to the importation into Norway from countries where the license of the Board is not required of like articles or articles capable of use as substitutes for those described in the annexed schedules.

(2) Any accredited representatives of the United States shall have free access at all times to the books, records, correspondence, and documents pertaining to the stocks on hand and to the distribution or delivery made or proposed to be made of articles imported into Norway during the term hereof. Within 30 days from the execution of these presents full statistics shall be obtained by the Norwegian Government and furnished to the War Trade Board, showing in detail the amounts of existing stocks in Norway of all articles enumerated in the annexed schedules. And while this arrangement continues in effect complete statistical information shall be furnished semimonthly from the date hereof to accredited representatives of the War Trade Board in regard to all exports from and imports into Norway. The statistics which shall be furnished shall state in detail the name, description, and quantity, the country of origin and country of destination of each commodity imported and exported, and shall include statistics in regard to trade with both neutrals and belligerents. If any question shall arise in respect to the observance by Norway of any restrictions of or prohibitions against exports, full particulars shall upon request be furnished to the War Trade Board or its accredited representatives in regard thereto, and the Government of Norway will afford every facility within its power and cooperate in any inquiry in regard to the effective enforcement of such prohibitions, regulations, and restrictions. To the end that such questions may arise as little as possible, the Norwegian Government is willing that the War Trade Board should require from importers in Norway in return for the granting of licenses such undertakings as to the disposal of the goods imported as may be in accordance with the terms of this memorandum, and the War Trade Board reserves the right to refuse to accept guarantees which in their opinion are not offered in good faith. The exportation by Norway to the Central Powers of any commodities the export of which is not expressly permitted hereby, and as to these in quantities in excess of the quantities expressly permitted hereby, shall constitute a breach of the arrangement provided for herein, and thereupon the War Trade Board at its option may refuse to grant further licenses hereunder.

(3) Imports of the articles enumerated in the annexed schedules shall be distributed as evenly as possible throughout the year. The right is reserved to the War Trade Board to determine the distribution of the allotments for export from the United States both as to

time and port, but due consideration shall be given to any representations of the Norwegian Government that may from time to time be made in regard thereto. And the Norwegian Government will at all times freely consult with the United States and its associates as to the sources from which the articles which are to be imported into Norway shall be obtained.

(4) All grains included within the schedules of estimated requirements obtained from the United States shall be purchased through the Food Administration Grain Corporation, and the vessels engaged in carrying such tonnage shall receive the same at any Atlantic or Gulf coast port that may be designated by said Grain Corporation. The Norwegian Government will utilize the services of the Inter-Allied Wheat Executive as their sole agent for the purchase of grain elsewhere than in the United States on the understanding that in so far as the United States Food Administration Grain Corporation is not able to furnish the quantities named in the aforesaid schedules the Wheat Executive will be in a position to deliver the necessary quantities to the Norwegian Government either in the Argentine or in Australia.

(5) Notwithstanding the provisions of article III of this memorandum, no articles which are obtained, grown, or produced in whole or in part by the use of any implements, machines, machinery, coal, gasoline, kerosene, oils, lubricants, or other auxiliaries or articles imported from the United States or imported from any country associated with the United States in the war, or whose importation shall be facilitated by the War Trade Board's licenses for bunker coal and ships' stores, shall be directly or indirectly exported from Norway to any country or ally of any country with which the United States is at war (including territory occupied by the military forces of such country) or to any neutral country or Finland or Russia, except as may be mutually agreed upon between the United States Government and its associates with the recipients in Norway of the aforesaid imported articles.

(6) That during the period this arrangement continues in effect no articles or commodities of any kind, except those specifically enumerated in article III hereof in the quantities stated, shall be directly or indirectly exported to or used for the benefit or advantage of any country or ally of any country with which the United States is at war (including territory occupied by the military forces of such country), nor shall any articles or commodities be exported to Denmark, Sweden, Holland, Switzerland, Spain, Finland, or Russia except in strict accordance with this understanding as well as with all the conditions and restrictions in this memorandum expressed; and no such exportation shall therefore take place except to consignees and in consideration of guarantees satisfactory to the War Trade Board or its duly accredited representatives. In particular no export shall be made to Denmark unless consigned to persons obtaining guarantees from the Danish Association, to Holland unless consigned to the Netherlands Overseas Trust, nor to Switzerland unless consigned to the S[ociété] S[uisse de] S[urveillance Economique].

ART. III. Inasmuch as Norway obtains certain commodities from Germany and her allies, it is the desire of the Norwegian Government by way of compensation for the imports which Norway will receive to export to said countries a limited amount of certain commodities. Therefore, during the continuance of this agreement, the following but no other exceptions are allowed to the conditions herein prohibiting Norway from exporting any article or commodity to any country or ally of any country at war with the United States:

(1) Norway may export to Germany or her allies not to exceed 48,000 tons per annum (export weight) of fish and fish products (such fish products to include canned fish, salt fish, dried fish, or fish prepared in any way whatsoever), and the quantity of such export shall not exceed 4,000 tons for any calendar month (the term "fish products" shall not be construed to include fish oil); provided, however, that such exports to Germany and her allies shall be in the same relative proportion of the various forms of "fish" and "fish products" as were exported during the year 1917 and prepared and packed in the same way. While this arrangement is in force no fish caught by Norwegian boats shall be landed elsewhere than in Norway, nor shall any such fish be transferred at sea except into collecting vessels, which shall be obliged to land their cargoes only in Norway, and the names of any such collecting vessels, before being so employed, shall be communicated to the accredited representatives of the War Trade Board in Christiania. During the continuance of this agreement no Norwegian fishing boats shall be transferred to the flag of any other country. In order to prevent the diversion of any fish caught by vessels sailing under the Norwegian flag or transferred at sea to collecting vessels, bonds will be secured from shipowners for the proper observance of this arrangement and fines will be imposed by the Norwegian Government of not less than double the value of the fish diverted upon any owner or captain or other person responsible for the forwarding shipment or carriage of said fish who does anything or connives at anything which permits such fish to reach any other destination than Norway.

(2) Not to exceed 10,000 tons per annum of calcium carbide.

(3) Not to exceed 8,000 tons per annum of calcium nitrate in blocks.

(4) Not to exceed 2,000 tons per annum of ferro silicon.

(5) Not to exceed 40,000 tons per annum of iron ore, no part of which shall be in the form of pyrites.

(6) Not to exceed 1,000 tons per annum of zinc.

(7) Not to exceed 40 tons per annum of aluminium.

(8) Copper in the form only of crude or refined copper, on condition and to the extent that Norway shall receive within 60 days from the date of such export copper goods or goods containing copper, the copper content of which shall be equal to the copper so exported, less 5 per cent for wastage. In no event shall the aggregate quantity of copper exported by Norway under this clause exceed (here will be inserted the amount of copper exported in 1917) metric tons for any 12 months' period. Nothing herein contained shall be construed to

authorize or permit the exportation to Germany or her allies of pyrites containing copper.

(9) Also the following articles in not to exceed the amounts set opposite each (metric tons and kilograms):

	Tons	Kilo-grams		Tons	Kilo-grams
Poultry-----		72	Felspar dust-----	125	500
Game-----	2	72	Talcum-----	17	120
Down-----		3	Seaweed ashes-----	478	300
Skin of otter-----		1	Phosphorus, raw-----	4	296
Skin of fox-----		685	Blystam-----	1	965
Skin of polar bear-----		760	Silver waste-----	1	998
Skin of seal-----	213	190	Pumps-----		160
Skin of shark-----		550	Tools, etc-----	11	600
Skin of wild animals not specified-----	3	430	Other manufactures of iron-----		165
Whalebones-----	16	668	Manufactures of silver-----		3
Furniture-----		50	Manufactures of gold-----		1
Lichens-----	7	9	Other machinery-----	136	324
Writing paper-----		80	Various tools and ap- paratus-----	11	800
Various manufactures of paper-----		18	Medicines, norgin and tangin-----		222
Waste of paper-----	314	395	Books-----	1	778
Rutil-----	2	133	Rat poison-----	8	100
Granite-----	2, 531	20	Ice-----	99	
Felspar-----	1, 260		Waste of steatite-----	7	760
Steatite-----	231	780	Seaweed-----	425	
Stone chiseled-----	97	267			
Whetstones-----	98	670			

ART. IV. It is further understood that by way of compensation for the allotments of Norway's requirements, enumerated in schedules A, B, C, D, E, F, and G hereto annexed,¹ the Norwegian Government will grant export licenses for and will authorize and permit the export to the United States or to the countries associated with the United States in the war of all such commodities and articles as the latter may require over and above the genuine home requirements of Norway. The minimum quantities which it is estimated will thus be available for export to the United States and the countries associated with the United States in the war are substantially as follows (quantities are estimated in metric tons):

(1) *Chemical products*: nitrates, a minimum of 96,000 tons; cyanamide, 10,000 tons; calcium carbide, 30,000 tons; silicium carbide and similar products, 3,000 tons; total, 143,000 tons.

(2) *Metallurgical products*: aluminum, 12,000 tons; zinc, 20,000 tons; sodium, 500 tons; ferrosilicon, 20,000 tons; ferrochrome, 5,000 tons; special steel, hobnails, and nails, 3,000 tons; total, 60,500 tons.

(3) *Minerals*: iron ore, concentrate, and brickets, 200,000 tons; pyrites, 130,000 tons; molybdenite and other ores of the same class, 300 tons; total, 330,300 tons.

(4) *Wood and manufactures of wood*: round timber, mainly pit props, 150,000 tons; sawn planed wood, in all 400,000 tons; pulp (dry

¹ See telegram No. 6789, Mar. 7, to the Ambassador in Great Britain, *post*, p. 1146.

weight), 125,000 tons; chemical pulp (cellulose), 200,000 tons; paper, 125,000 tons; matches, 5,000 tons; total 1,005,000 tons.

(5) In the event there shall be in any case where the same commodity is designated in this article, and also in article III hereof, a deficiency in the supply to such extent as to reduce the same below the estimated minimum quantities available for export to the United States and her associates, as in this article set forth, then while such deficiency continues the exports of such commodity from Norway to Germany and her allies will be correspondingly diminished. The quantity which shall, during the continuance of such deficiency, be permitted to go forward respectively to Germany and her allies will be reduced in the same proportion as it is found necessary because of the deficiency to reduce the exports thereof to the United States or her associates.

(6) The Norwegian Government further undertakes that while this agreement remains in force it will not adopt or enforce any laws or regulations which will have the effect of interfering with exports of any of the commodities designated in this article to the United States or to any country associated with the United States in the war to the extent of such exports for the 12 months preceding the date hereof. And said Government will not adopt or enforce any laws or regulations which will have the effect of preventing an increase in the production of such articles and consequent increase in the exports thereof to the United States and her associates, where such increase can be effected without prejudice to genuine Norwegian requirements for home consumption.

(7) For the purpose of this article the genuine Norwegian requirements of any commodity for home consumption shall be calculated on the basis of its actual consumption in Norway for the 12 months preceding the date hereof.

ART. V. (1) Nothing herein contained shall be construed as in any manner modifying or changing the terms or conditions of any existing arrangement or agreement between the Governments of Norway and France, Italy, or Great Britain providing for the prohibition or restriction of exports from Norway, [or] the terms or conditions of any existing arrangement or agreement between the Governments of Norway and France, Italy, or Great Britain or the terms or conditions of any guarantee given to or agreement made with those Governments by Norwegian citizens which either is now in force or which, having been in abeyance owing to the suspension of imports into Norway, may be revived when such imports recommence under the terms of this memorandum.

(2) No commodities imported into Norway for use in any manufacturing plant employed in producing manufactured articles for the United States or any country associated with the United States in the war shall, during the continuance of this arrangement, be requisitioned, commandeered, or otherwise diverted by the Norwegian Government.

(3) The Norwegian Government hereby declares that it is ready to, and does hereby, authorize the Governments of Great Britain and

France to negotiate with trade associations in Norway for the revival, renewal, extension, or modification of all agreements heretofore entered into between the British Government and Norwegian trade associations. And it is expressly understood that the Norwegian Government will not, directly or indirectly, restrict, oppose, or prohibit such negotiations, revivals, renewals, modifications, or extensions of such agreements or of other agreements with the same or other trade organizations or associations. And the Norwegian Government hereby declares its readiness to concur in the enforcement of any control, restriction, or prohibition in regard to imports and exports and the distribution thereof provided for in any such agreements. And the Norwegian Government will authorize the exportation of such quantities of nitrates, condensed milk, and other commodities to any country or countries associated with the United States in the war as will permit the complete fulfillment of all existing contracts. Any failure to observe the terms hereof shall, at the option of the War Trade Board, be regarded as sufficient ground to authorize said War Trade Board to refuse further licenses.

The schedules of commodities will go forward early next week, but that should not delay your reply upon the form of foregoing agreement. We desire to suggest that you take up also with British whether [*sic*] a request from them that we secure an arrangement with Norway that all tonnage not chartered to the Allies or in active use by Norway for obtaining her ration shall be subject to the direction of a commission like that to be appointed under the Holland tonnage proposal. Also whether they would not request us to urge that the Norwegian tonnage outward bound to lift ration shall conform to [same] arrangements as to United States ports and bunkering as is provided under Holland tonnage proposal. Also ask London whether we can do anything for them in changing present Norway charter payments from kronen to pounds sterling, and if so, what.

POLK

File No. 103.96/324

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, March 6, 1918, 11 p. m.

[Received March 6, 6.52 p. m.]

8928. War Trade Board [from Sheldon]:

No. 238. Our 157. At a meeting today with the British, French, and Italians, the proposed draft was considered satisfactory as a whole. I am sending a separate cable with a few suggestions which it is hoped may be incorporated.

PAGE

File No. 657.119/384b

The Acting Secretary of State to the Ambassador in Great Britain
(Page)

[Telegram]

WASHINGTON, March 7, 1918, 3 p. m.

6789. For Sheldon [from War Trade Board]:

No. 170. The following schedules of articles showing the annual import requirements of Norway, are the schedules mentioned in cabled agreement of March 2 (quantities are in metric tons):

A. Foodstuffs and fodder:	
Bread grains, including rice.....	300,000
Oil cake.....	25,000
Grains.....	60,000
Starches.....	1,000
Cocoa.....	1,400
Coffee.....	14,500
Tea.....	160
Sauces and pickles.....	80
Sirup.....	5,000
Spices.....	382
Fruit, dried.....	4,000
Fruit, fresh.....	6,000
Sugar.....	50,000
Pork and beef.....	10,000
Wines.....	2,000
B. Oils and fats, etc.:	
Vegetable and animal oils.....	10,000
Oil seeds.....	20,000
Mineral oils, lubricating oil.....	10,000
Naphtha and benzine.....	3,000
Petroleum.....	40,000
Crude oil.....	20,000
Fuel oil, including gasoline and Diesel oil.....	3,500
(Mineral oils) paraffin wax, stearine, stearine acid, and palm acid.....	650
Vegetable and mineral turpentine and white spirits.....	190
Varnishes.....	260
Shellac.....	68
Ceresin, carnauba wax.....	40
C. Rubber:	
Rubber shoes, tires, and other articles made of rubber.....	500
D. Textiles:	
Silk yarn and tissues.....	110
Cotton, raw, and yarn and manufactures.....	8,000
Wool, wool yarn, and products.....	3,700
Flax, hemp, jute, and tow.....	5,000
E. Miscellaneous:	
Corkwood.....	900
Borax and boric acid.....	80
Asbestos.....	350
Rock phosphate.....	40,000
Antimony.....	12
Hides.....	2,500
Tanning extract.....	3,500
Resin.....	400
Tobacco.....	2,000

F. Metals, minerals, etc.:

Tin -----	80
Tin plate-----	25,000
Lead -----	1,000
Iron and steel (pig-iron ingots, bars, hoops, beams, angles, plates, pipes, fittings, wire, etc.)-----	50,000
Copper (plates, bars, pipes, wire cable)-----	2,000

G. Machinery, etc., to be agreed; chemicals to be agreed; office equipment and supplies as required; musical instruments, phonographs, as required; glassware, pottery, ornamental electrical fixtures, etc., as required; hardware as required.

POLK

File No. 600.119/571

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, March 7, 1918, 2 p. m.

[Received 9.22 p. m.]

8935. War Trade Board [from Sheldon]:

No. 242. Referring my 236 [238].¹ The following comments are suggested for your consideration, some of them of minor importance and to some of which considerable importance is attached, and it was suggested that the pressing of any or all of some points should be left to your discretion.

(a) Article 2, paragraph 2.² Middle of the second sentence to be changed to read: "and furnish[ed] to the War Trade Board and representatives of the Governments associated with the United States in the war showing places etc."

(b) Fourth sentence, "[The] statistics which shall be furnished shall be forthcoming not later than thirty days after the period to which they shall have reference and shall state in detail the name, etc." This is considered important.

(c) Article 2, paragraph 4. Middle of second sentence: "sole agent for the purchase of grain elsewhere than in the United States provided that in so far as the United States Food Administration grain control is not able to furnish the quantities agreed within the aforesaid schedules, the Wheat Executive is in a position to deliver for shipment the necessary quantities to the Norwegian Government."

(d) Article 2, middle of paragraph 5: "or whose importation shall be facilitated by the War Trade Board licenses for bunker coal and ships' stores or by the authorities of any country associated with the United States in the war shall be directly or indirectly exported, etc."

¹ *Ante*, p. 1145.² Of the draft agreement; see *ante*, p. 1138.

(e) Later in same paragraph read: "Finland or Russia as constituted before the war except as may be mutually agreed, etc."

(f) Article 2, paragraph 6, middle of the first sentence: "Switzerland, Spain, Finland or Russia as constituted before the war [except] in strict accordance, etc."

(g) Article 2, end of paragraph 6: "unless consigned to the S[ociété] S[uisse de] S[urveillance Economique] or similar association approved by War Trade Board." The idea being that provision should be made to substitute for any of the existing associations, a new association in case the present organizations should go out of existence or become unsatisfactory.

(h) Article 3. Substitute for the first two sentences of paragraph 1 the following: "Subject to the proviso of article 2, paragraph 5, Norway may export to Germany and her allies a quantity of fish and fish products not exceeding 48,000 tons per annum calculated on the basis of weight as fresh fish, except in the case of canned fish which shall be calculated at gross weight. The term fish shall be taken to include all categories of fish, both salt water and fresh water including shell fish and marine animals and the term fish products shall be taken to include the products of all fish as herein defined whether fresh, salted, dried, smoked, canned or preserved in any way whatsoever but there shall be no export to Germany or her allies of any oil or derivations thereof of fish or of any marine animals. The quantity of fish and fish products which may be exported to Germany and her allies shall not exceed 4,000 tons in any calendar month provided, however, that such exports to Germany, etc." This is considered of first importance, as more carefully defining fish products to make it include seals, etc., to which importance is attached. The reference to article 2, paragraph 5, is to prevent the use of imported oils in packing fish, because your text might be taken to abrogate the prohibition in paragraph 5, unless special mention were made of it. Furthermore, it is desirable to include derivations of oil of fish and marine animals.

(i) Article 3, paragraph 1, fourth sentence your text: "no fish caught by Norwegian boats shall, without the consent of the War Trade Board, be landed elsewhere than in Norway, etc." This is to allow Norwegian trawlers to fish British waters and land fish here.

(j) Article 3, paragraph 1, last sentence: "anything which permits such fish without the consent of the War Trade Board to reach any other destination than Norway." It is also suggested although it is realized that it might be difficult to obtain, that there be added to the end of the foregoing sentence the following: "and no export of fish or fish products from Norway to neutral countries shall be made except with the consent of the War Trade Board."

(k) Article 3, paragraph 8, last sentence. Omit the last two words, "containing copper."

(l) Article 3, paragraph 9, first sentence: "Also the following articles in not to exceed annually the amounts, etc."

(m) Article 3, paragraph 9: "It is hoped that it will be possible to eliminate felspar, steatite, felspar dust, talcum and raw phosphorous and particularly tools. Talcum is used as a metallic [omission]."

(n) [Article] 4, middle of the first sentence, "authorize and permit the export free of all tax or license charges to the United States, etc." This is considered important.

(o) Article 4, paragraphs 1, 2, 3 and 4. While it is realized that no binding guarantee as to the minimum estimated amounts will be forthcoming, the various Government departments are making comparison of the figures of 1917 imports and if there are any further suggestions I will cable on Monday at the latest.

(p) Article 5, paragraph 1, first sentence and second sentence. Delete the word "existing" coming before the words "arrangement or agreement."

(q) Article 5, paragraph 2, first sentence: "No commodities imported into Norway to be of a kind used in any manufacturing plant, etc."

(r) Same paragraph, "be requisitioned, commandeered, diverted or distributed directly or indirectly by the Norwegian Government to the detriment of the operation of such a plant." This is considered important.

(s) Article 5, paragraph 3. Insert before the last sentence the following: "and will permit the export of fish and fish products already purchased or to be purchased by the British purchasing agency subject in the case of future purchases to the domestic requirements of Norway and provided in the case of such future purchases licenses shall if applied for be given for export to the United States of America or to the countries associated with the United States of America in the war to an extent at least equivalent to the amount of fish and fish products exported to the enemy. Any failure to observe the terms, etc."

PAGE

File No. 657.119/387a

The Acting Secretary of State to the Minister in Norway
(Schmedeman)

[Telegram]

WASHINGTON, March 9, 1918, 6 p. m.

255. At request of Doctor Nansen War Trade Board have issued export licenses to Norwegian Food Commission for shipment via

S.S. *Bergensfjord* sailing March 9 covering approximately 156 tons of seeds destined for spring planting in Norway. The War Trade Board have given the question of the issuance of those licenses very careful thought and have caused them to be issued because of political and other considerations, particularly the imminence of the conclusion of this country's agreement with Norway and because no other sailings after March 9 were sufficiently proximate.

POLK

File No. 763.72111N83/5

The Minister in Norway (Schmedeman) to the Secretary of State

[Telegram]

CHRISTIANIA, March 9, 1918, 7 p. m.

[Received March 10, 3.50 p. m.]

576. The following is translation of note dated today which has been confidentially handed me by the Minister for Foreign Affairs with the request that it be transmitted to my Government.

The Norwegian Government considers it advisable to reaffirm its neutrality during the war, which is still continuing between other powers, and to make the following declaration which is entirely in accord with the policy it has followed during the whole war and which I have the honor to request you kindly to bring to the knowledge of the American Government: Norway will, during the war, remain impartially neutral, will maintain her independence, and is determined if necessary to resist by force of arms any violation by any power or group of powers of her territorial rights, and to prevent the use of Norwegian territory as a base by any power whatever. The Norwegian Government considers it a logical consequence of its policy of neutrality that it should refuse during the war to enter into any negotiations with a power or group of powers or conclude any agreement which would render it impossible to maintain neutrality.

Finally it is a satisfaction to the Norwegian Government to be able to point out that at no time in the course of the war has any power requested Norway to participate in the war, or approached her for assistance or for permission to establish a base on Norwegian territory, or in any way made requests or representations with a view to persuade Norway to abandon her neutrality.

A similar note is understood to have been handed to all ministers here. Minister for Foreign Affairs informed me that foregoing note was occasioned by articles which have lately appeared in German newspapers attacking Norway in view of general pro-Ally sentiment and the contemplated trade agreements with the Allies as well as by allegations which have again reached the Minister for Foreign Affairs that certain Allied Powers are endeavoring to obtain a naval base in Norway.

SCHMEDEMAN

File No. 657.119/364a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, March 15, 1918, 5 p. m.

6905. For Sheldon [from War Trade Board]:

No. 212. Please repeat the following to Schmedeman:

Nansen states that his Government is aware of the fact that you have copy of proposed draft of Norwegian agreement. He asks that this draft be submitted to his Government, and we have not felt that we could refuse without exciting suspicion on part of Norwegian Government, although we would have preferred to have first gone over the draft with Nansen here. You are accordingly authorized to acquaint the Norwegian Government with the terms of draft which Sheldon furnished you, at the same time emphasizing that this draft is preliminary and tentative only and that it will now be made the subject of discussion with Doctor Nansen.

LANSING

File No. 657.119/374

The Minister in Norway (Schmedeman) to the Secretary of State

[Telegram]

CHRISTIANIA, March 20, 1918, 3 p. m.

[Received 5.07 p. m.]

600. Minister of Foreign Affairs informed me yesterday that Norwegian Government was negotiating with Germany in regard to commodity exchange. He said that Germany was asking for a written statement of commodities to be sent to Germany. In reply to a question as to what compensation was expected His Excellency told me it was wrought and pig iron, steel plates, and medicines. I have no information about exact quantities.

With regard to the American agreement, Minister for Foreign Affairs expressed the hope that it would be signed by April 1 and seemed pleased at the prospect. Meanwhile general opinion is somewhat depressed and pessimistic regarding outcome of negotiations with us and it is not improbable that the Government plans to make use of this feeling for political purposes as soon as the agreement is concluded.

SCHMEDEMAN

File No. 657.119/378

The Minister in Norway (Schmedeman) to the Secretary of State

[Telegram]

CHRISTIANIA, March 22, 1918, 3 p. m.

[Received 9.21 p. m.]

610. The Minister for Foreign Affairs informed me yesterday that a telegram had been received from Nansen to the effect War Trade

Board had requested the latter to advise his Government to disregard the proposed basis of agreement handed to the Minister for Foreign Affairs by me March 18. On my inquiring of the Minister for Foreign Affairs what he thought of the proposed memorandum he stated that in view of the foregoing he had not read it carefully or submitted it to the Cabinet, but that from a cursory examination he considered it as rather hard. The Minister for Foreign Affairs admitted that Nansen has full powers to sign an agreement on any lines agreed upon between Nansen and the War Trade Board.

There is no doubt that the Norwegian Government is now more than anxious to conclude negotiation and that the Minister for Foreign Affairs in particular fears the direct political consequences of any delay on his own position. The dilatory tactics previously pursued have given way to an earnest desire to come to terms with us mainly because of precarious internal situation resulting from lack of supplies. There is now less occasion than ever for further concession on the part of War Trade Board and I trust no such concessions are being made. I am confident that Norwegian Government is prepared to accept any terms which may be deemed necessary to protect American interests. London advised by telegram.

SCHMEDEMAN

File No. 763.72111N83/7

The British Ambassador on Special Mission (Reading) to the Secretary of State

No. 309

WASHINGTON, *March 22, 1918.*

[*Received March 23.*]

MY DEAR MR. SECRETARY: You will no doubt have received from the American representative at Christiania a copy or translation of the note addressed by the Norwegian Government on the 9th instant to the representatives of the various powers at that capital. A translation of the note as received by cable at this Embassy is enclosed herewith for convenience of reference.¹

His Majesty's Government have been considering the terms of the reply which should be made to this communication, and are of opinion that the Norwegian note may possibly be open to the construction that the Norwegian Government would abandon the agreement with the United States if Germany should declare such an agreement unneutral, or that the Norwegian Government would not oppose Germany in the event of a German attack on Denmark or Sweden or if Germany were to sink all supply ships from this country. If the note were simply to be acknowledged this might be construed as com-

¹ See telegram No. 576, Mar. 9, from the Minister in Norway, *ante*, p. 1150.

mitting the British Government to an approval of the position taken up by the Norwegian Government, and the British Minister at Christiania has accordingly been instructed to acknowledge receipt of the note, and to add that His Majesty's Government presume it to mean that the Norwegian Government will maintain not only their neutrality but also their rights as neutrals. It is thought that a reply in this sense should lead the Norwegian authorities to understand that they are expected not to yield to threats on the part of the German Government in connection with the agreement with the United States, and the reply would moreover, if published, give a lead in this direction to Norwegian public opinion. It would also be a matter of difficulty for the Norwegian Government to indicate, either expressly or tacitly, that they did not intend to maintain their rights.

I have received instructions from my Government to submit to you the above considerations and to suggest that, if you concur in the views expressed, it would be very desirable that the American Minister at Christiania should be instructed to reply to the Norwegian note in the sense proposed for the British reply. I may add that the French and Italian Governments are also being consulted on the subject, with a view to the return of a similar reply by the representatives of the four powers.

His Majesty's Minister has also been instructed to act simultaneously with his Allied colleagues if he finds they are prepared to reply in identic terms to the Norwegian Government without undue delay, and I should therefore be grateful for the expression of the views of the United States Government as soon as you conveniently can.

I am [etc.]

READING

File No. 657.119/379

The Minister in Norway (Schmedeman) to the Secretary of State
[Telegram]

CHRISTIANIA, March 25, 1918, 3 p. m.

[Received 10.29 p. m.]

616. For War Trade Board from Dye:

Referring to War Trade Board letter of January 26.¹ All food supplies which arrived on steamship *Bergensfjord* consigned to firms at Bergen and Christiania have been requisitioned by Norwegian Government. I do not think any more export licenses should be issued until through diplomatic channels it is made clear that consignees will receive goods sent.

I concur.

SCHMEDEMAN

¹ Not printed.

File No. 763.72111N83/50

The Minister in Norway (Schmedeman) to the Secretary of State

[Telegram]

CHRISTIANIA, March 30, 1918, 7 p. m.

[Received March 31, 1.46 a. m.]

624. My telegram No. 576, March 9, 7 p. m. French, British and Italian Ministers here have received instructions to acknowledge note of March 9 from Norwegian Minister for Foreign Affairs and in doing so to state that their respective Governments regard said note as signifying "that the Norwegian Government will not only maintain its neutrality but also its rights as a neutral."

My Allied colleagues are deferring carrying out their instructions until I am authorized to take similar action. I [acknowledged] the receipt of the Norwegian note without comment on March 18.

SCHMEDEMAN

File No. 657.119/387b

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, April 1, 1918.

7103. For Sheldon [from War Trade Board]:

No. 279. Repeat to Schmedeman:

The following memorandum represents the present status of our negotiations with Doctor Nansen. It contains some matters still under discussion but Doctor Nansen believes that if it is given to his Government in order that they may cable him their comments time will be saved in reaching a final conclusion.

[Here follows text of the draft agreement.¹]

LANSING

File No. 763.72111N83/50

The Secretary of State to the Minister in Norway (Schmedeman)

[Telegram]

WASHINGTON, April 2, 1918, 5 p. m.

274. Your 576, March 9, 7 p. m. and 624, March 30, 7 p. m. You are instructed to deliver textually the following reply to the Minister for Foreign Affairs:

I have the honor to communicate to Your Excellency the reply of my Government to your note of the 9th of March last relative to a

¹ Generally identical with the final text printed, *post*, p. 1170, except for certain alterations made in consequence of the Norwegian negotiator's letter of Apr. 12, *post*, p. 1155. Passages of the draft which were radically altered in the final text are printed as footnotes to the pertinent portions of that letter.

reaffirmation of the policy of neutrality which Norway purposes to continue during the present war.

The Government of the United States assures the Norwegian Government that it appreciates fully the purpose of the Government and people of Norway to remain impartially neutral in the great conflict which is ravaging Europe and understands that in order to avoid any misconception the Government deems it advisable at this time to reaffirm its purpose.

In acknowledging this redeclaration of policy the Government of the United States assumes that the Norwegian Government intends thereby to affirm its purpose of asserting and maintaining its rights as a neutral as well as of recognizing and performing its neutral duties in accordance with the rules of international law defining such rights and duties, since the Government of the United States conceives that the Government of Norway would resist a violation of any of its rights, including the right of negotiation, with the same determination and vigor as it would resist an invasion of its territorial rights.

LANSING

War Trade Board Files: American-Norwegian Agreement, Vol. II.

The Norwegian Minister on Special Mission (Nansen) to the Chairman of the War Trade Board (McCormick)

WASHINGTON, April 12, 1918.

SIR: After having received through the American Minister in Kristiania the last draft for an agreement between the United States and Norway the Norwegian Government have carefully studied this document and in accordance with their instructions I have the honour to make the following remarks as to its various paragraphs:

Article II, §1

The reasons given in this paragraph for counting "each ton of the commodities enumerated in the schedule obtained from Russia" as "the equivalent of ½ ton obtained elsewhere" would also seem to apply to all similar imports from Denmark and Sweden. An increased export from Denmark and Sweden to Norway would also probably reduce accordingly the export of the said countries to the Central Powers. I therefore propose that after "obtained from Russia as constituted before the war" it is added "and from Denmark and Sweden."

My Government think that the stipulation in the last section of this paragraph about "any articles released by such importation" might cause doubt in several cases, but my Government assumes that this Stipulation has to be understood in all cases to be given a reasonable interpretation. I have already before discussed this point with Mr. White and Mr. Chadbourne and I think we fully agree on this point.

Article II, §2

There is evidently some error in the telegram received regarding the beginning of this paragraph and I therefore shall return to it as soon as I get the required correction. As to the stipulation about the "locations and ownerships of such stocks" my Government take it for granted that no specifications are required beyond statements of the stocks in the different districts (amter,* towns) with summary informations as to where the stocks are in the hands of the state, the communities, the plants and the merchants.

Where it is said "if any question shall arise in respect to the observance by Norway of any restrictions", etc., my Government proposes to substitute "in Norway" for "by Norway."

It is taken for granted that the Norwegian Government will have an opportunity to discuss the form of the undertakings to be given by Norwegian importers. We therefore propose that the following sentence is added after "in accordance with the terms of this agreement": "The Norwegian Government shall have an opportunity to discuss with the representative of the War Trade Board the form of such undertakings."

As to the right of the War Trade Board to refuse to accept guarantees my Government takes it for granted that there would never be any question of refusing the guarantee given by the Norwegian Government when they act as importers.

Article II, §3

As regards the second section of this paragraph the Norwegian Government consider it absolutely essential to have at all times at least three months stocks of the imported goods, corresponding to at least three months average import. This is of very great importance, as I have pointed out in my note of February 2,¹ and applies especially to grains. I therefore propose to give this section the following form: "Norway is entitled to have at all times stocks of imported articles corresponding to at least three months average import as stipulated in the present agreement."

My Government propose that in the last section of this paragraph the expression "at all times" shall be substituted by "from time to time" which has been used in previous notes. And as expressed in my note of February 2 it must also be stated that the stipulation merely applies to our import from oversea countries. I therefore suggest the following form for this part: "and the Norwegian Government will from time to time freely consult with the United States and its associates as to the oversea sources from which the articles which are to be imported into Norway shall be obtained."

* Norway is divided into 20 amter. [Footnote in the original.]

¹ *Ante*, p. 1118.

Article II, § 5 and 6

My Government's telegrams referring to these paragraphs are not clear owing to several evident errors in transmission and I therefore propose to revert to these paragraphs after having received the necessary corrections.

Article III, § 1

The Norwegian Government regrets very much to be unable to accept the stipulation that the 48,000 tons of fish shall be exported "in the same relative proportion of the various forms of fish and fish products as were exported during the year 1917." My Government points out that no proposal to this effect was ever made in the notes exchanged between us, while on the contrary in my note of December 7¹ I stated that my Government are willing to "guarantee that the export of 'klipfisk' (i. e., salted dried fish) and 'törfisk' (i. e., dried fish) shall not exceed 8,000 tons a year in all, and canned fishgoods, if you so desire, shall not exceed 15,000 tons."

This proposal you accepted in your note of December 19² with no reservation, except the addition that "the export of each class of fish and fish products is to be made in the form in ordinary commercial use in the past."

Trusting that this was perfectly clear and agreed upon, the Norwegian Government has in the mean time given Germany and Austria the assurance that Norway could export 48,000 tons per annum of fish and fish products to the Central Powers on the condition that canned-fish goods should not exceed 15,000 tons per annum, "klipfisk" and "törfisk" should not exceed 8,000 tons per annum while the Central Powers would have the choice as to the distribution of the remaining quantity, except that fish-liver and fish-oils of any kind could not be exported to the Central Powers. Each class of fish and fish products must, however, be made in the form in ordinary commercial use in the past.

If the Norwegian Government now should agree in this respect to new regulations such as now proposed, this would mean going back upon definite assurances already given Germany and would inevitably cause a breach with that country. I hope you will thus understand the impossibility for the Norwegian Government to agree to such stipulations and I would therefore propose that this part is given the following wording: "The export of each class of fish and fish products is to be made in the form in ordinary commercial use in the past, but the Norwegian Government agrees that the export of 'klipfisk' (i. e., dried salted fish) and 'törfisk' (i. e., dried fish) shall not exceed 8,000 tons a year in all, and canned fish goods shall not exceed 1,500 tons a year."

¹ *Foreign Relations*, 1917, Supplement 2, vol. II, pp. 1081-1082.

² *Ibid.*, pp. 1087-1091.

My Government deeply regrets that the export to the Central Powers of a limited quantity of codliver oil for medical purposes is not agreed to.

§3

The Norwegian Government will sincerely regret if the export of copper as compensation to the Central Powers should be limited to the small quantity exported in 1917, as this might interfere with the import of machinery, etc., essential for our industries, which again will effect the interest of the Allies. During our discussions with Mr. White and Mr. Chadbourne we therefore agreed to limit the export of copper to a certain stipulated quantity instead of limiting it to the amount exported in 1917. My Government therefore propose to make this stipulated quantity "200 tons of copper in the form of crude or refined copper or pyrites 'cinders'", and the two sentences in this paragraph mentioning the export of copper in 1917 would have to be left out.

§7

We have discussed with Mr. White and Mr. Chadbourne the difficult position of the firms and people who are now going to export the much reduced quantities of various articles to the Central Powers, as these small quantities will in many cases not be sufficient to give any person or firm a living and the export to the Central Powers might therefore in such cases be made impossible if these people or firms would be prevented from carrying on other trade.

Mr. White and Mr. Chadbourne realized this difficulty and agreed that it was only reasonable that special provisions should be made for cases where trade with the Central Powers legalized by this agreement is carried on. Provisions to this effect were not formulated at the time but were left open for further consideration.¹

*Article IV: Introduction*²

The Norwegian Government maintains that the expressions used here about the commodities which the United States and her asso-

¹ The second paragraph of article 3, section 7, of the final text and the clause in the first paragraph of the same section, "except exports permitted by the provisions of this agreement and referred to hereinafter in this section," were added to the draft in consequence of these representations.

² In the draft:

"By way of compensation for the allotments of Norway's requirements, enumerated in schedules A, B, C, D, E, F and G, hereto annexed, the Norwegian Government will grant export licenses for, and will authorize and permit the export, free of all tax or license charges, and commodities licensed from the United States will be licensed free of all taxes and license charges, and the Norwegian Government agree to grant export licenses, if so [such] should be desired, to the United States, or to the countries associated with the United States in the war of all such commodities and articles as the latter may require over and above the genuine home requirements of Norway. The quantities which it is estimated will thus be available for export to the United States and the countries associated with the United States in the war are substantially as follows:"

ciates "may require over and above the genuine home requirements of Norway" do not quite represent the proposition of the Norwegian Government as expressed in my note of February 2, and my Government cannot accept this part as it now stands. The Government proposes, however, to give it the following wording: ". . . of all such commodities and articles as the latter may buy in Norway provided Norway's own requirements shall not prevent this."

With regard to the quantities of industrial products to be exported to the United States and her associates the Norwegian Government wishes it to be understood that our industrial production is to a great extent dependent upon natural conditions, especially the quantities of water carried by the rivers, which vary from one year to another. I may also add that evidently, especially in times like these, a great many things may occur to influence the output of our industries, e. g., fluctuations in the available supplies of raw materials, in the import of necessary machinery, labor difficulties, etc.

§5¹

The Norwegian Government regrets that it cannot possibly accept the proposed stipulations of this paragraph for any articles to be exported to the Central Powers. The quantities which we according to the agreement will be able to offer for export to the Central Powers are already reduced so considerably that a further reduction, directly or indirectly, would be impossible. When the present small quantities of export to the Central Powers were agreed upon after long negotiations I, as well as my Government, took it for granted that no new demands should be raised for further reduction of these figures.

The Norwegian Government cannot accept the last section of paragraph 5 as it now stands, but propose to give it the following form: "In the same way as Norway's requirements of the articles not mentioned in schedules A, B, C, D, E, F, and G, hereto annexed, will be met as far as possible, Norway will also on her side meet as far as possible the demands for export from Norway to the United States

¹ In the draft:

"In the event there shall be, in any case where the same commodity is designated in this article and also in article III hereof, except fish and fish products, a deficiency in the supply to such an extent as to reduce the same below the estimated quantities available for export to the United States and her associates, as in this article set forth, then while such deficiency continues, the exports of such commodity from Norway to Germany and her allies will be correspondingly diminished. The quantity which shall, during the continuance of such deficiency, be permitted to go forward respectively to Germany and her allies will be reduced in the same proportion as it is found necessary because of the deficiency to reduce the exports thereof to the United States or her associates.

"Norway will permit the export to the United States and her associates in the war of any other commodities needed by them which she can spare."

and her associates of articles not especially mentioned in this agreement."

§6¹

The Norwegian Government cannot accept this paragraph but proposes to give it the following form:

"In the same way as the War Trade Board and the Governments associated with the United States in the war have in view the necessity of Norway's entire economic life being maintained as undisturbed as possible, in order to facilitate the greatest possible purchase in Norway of the above mentioned export articles, the Norwegian Government will also on their side do their best to make possible such purchase by the United States and her associates."

Article V, §1

If it is the understanding that the fish agreement with Great Britain will cease to exist and be substituted by the proposed agreement the Norwegian Government will have no objection thereto. They assume, however, that the copper agreement with Great Britain shall continue in force, as it is provided that it cannot be denounced by either party as long as the war lasts.

The Norwegian Government cannot accept the last section of paragraph 1, beginning "if any agreement by the terms of which Norway", etc., because the Government has no way of preventing private branch associations from denouncing their agreements with foreign governments.²

§2

The Norwegian Government propose to give the beginning of this paragraph the following wording:³

"It is understood that the Norwegian Government shall have the right to control the import and distribution of all commodities im-

¹ In the draft:

"The Norwegian Government further undertakes that, while this agreement remains in force, it will not adopt or enforce any laws or regulations, other than for the protection or advantage of the laboring classes, which will have the effect of interfering with exports of any of the commodities designated in this article, to the United States or to any country associated with the United States in the war, to the extent of such exports for the twelve months preceding the date hereof. And said Government will not adopt or enforce any laws or regulations other than for the protection or advantage of the laboring classes, which will have the effect of preventing an increase in the exports thereof to the United States and her associates, where such increase can be effected without prejudice to the genuine Norwegian requirements for home consumption."

² The phrase in the final text relating to agreements terminated "at the instance of the Norwegian Government" read simply "by Norway" in the draft.

³ In the draft:

"It is understood that the Government shall have the right to control the distribution of all commodities imported into Norway embraced in the schedules hereto annexed and that any commodity of a kind needed in a manufacturing

ported into Norway and that any commodity of a kind needed in a manufacturing plant", etc.

Otherwise the Norwegian Government accepts this paragraph.

§3

In view of the stipulation that all agreements of Norwegian trade associations with the Governments of Great Britain, France and Italy, shall be subject to the approval of the Norwegian Government, the latter considers the last period of this paragraph, beginning with "and the Norwegian Government hereby declares", etc., unnecessary. But if the now existing control should prove insufficient, the Norwegian Government declares its readiness to introduce further control. Such control has of course in all cases to be administered by Norwegian authorities.

In order to avoid misapprehensions the Norwegian Government considers it desirable that it should be expressly stated in the agreement that the above-mentioned stipulations as regards agreements with trade associations must not be construed so as to involve any infringement on the right of the Norwegian Government to act as importer and to regulate the importation by the issuing of export prohibitions and by other stipulations as regards to right of importation by individuals and municipalities. It is evident that considering the strictly limited rations stipulated for Norway under the proposed agreement, it becomes a necessity that the Government should exercise full control of the import and distribution of these rations in order that as far as possible the legitimate requirements of the whole nation may be met.

I beg you to accept [etc.]

FRIDTJOF NANSEN

War Trade Board Files : American-Norwegian Agreement, Vol. II

The Norwegian Minister on Special Mission (Nansen) to the Chairman of the War Trade Board (McCormick)

WASHINGTON, April 15, 1918.

MY DEAR MR. MCCORMICK: Referring to my note of the 12th inst. I will at once inform you that I have received a new cablegram from my Government stating that according to investigations, which they have now made, they consider it unadvisable in the expected agreement to mention a higher figure than 90,000 tons, as the quan-

plant whose import and distribution shall have been approved by the Norwegian Government and which commodity shall be employed in producing manufactured articles for the United States or any country associated with the United States in the war, shall not during the continuance of this agreement be requisitioned, commandeered or otherwise diverted or distributed by the Norwegian Government to the detriment of the operation of such plant; the foregoing however not to apply to food."

tity of nitrates which Norway expect to have available for annual export to the United States and her associates. It appears that the year of 1917 offered especially favorable conditions for the nitrate industries, the quantities of water carried by the rivers concerned being unusually great that year. As it looks at present it is feared that the situation in the latter respect will be much less favorable during the present year.

I would consequently suggest that the figure of 90,000 tons of nitrates, as originally mentioned in my note of February 2 be maintained in the agreement which we are now in the process of drafting.

Believe me, my dear Mr. McCormick,

Sincerely yours,

FRIDTJOF NANSEN

War Trade Board Files: American-Norwegian Agreement, Vol. II

The Norwegian Minister on Special Mission (Nansen) to the Chairman of the War Trade Board (McCormick)

WASHINGTON, April 17, 1918.

SIR: In my note of the 12th inst., I stated that I would later revert to certain paragraphs in the War Trade Board's draft, as my Government's telegram concerning these [was] not clear, owing to evident errors in transmission, and I had therefore to ask for further information. I have now received new telegrams from my Government concerning these paragraphs and am thus able to give you their view concerning same.

Article II, §2

My Government are willing to furnish the required statistics for stocks, provided that this stipulation refers to imported articles.

Article II, §§ 5 and 6

My Government take it for granted that the stipulations in these paragraphs do not refer to the various kinds of implements, machines, etc., imported prior to the date of the proposed agreement, except all such articles for which valid declarations have been given, to the effect that they shall not be used in any way for the benefit of the enemies of the Allies.

With regard to the stipulation in the middle of §6 stating that "nor shall any commodities which such articles so exported may serve to release be exported to Germany or her allies", my Government point out that this is a new addition upon which there is no previous agreement. On one occasion during our conferences with Mr. Jones and Mr. White, we discussed a question of this kind referring to the export of chrome to Sweden. It was then pointed

out that the United States would require for exports of this kind to neutrals a guarantee that such articles should not directly or indirectly be reexported to Germany or her allies. Upon our question what *indirectly* implied it was answered that this meant that the articles in question must not reach the enemy by circumvention of any kind, but it did not refer to any articles that might be *released* by any imported articles. I cabled to my Government accordingly, and the reference to this point in your note of December 19¹ where the expressions "directly" and "indirectly" were used, was consequently interpreted in the same manner.

Believe me,

Very truly yours,

FRIDTJOF NANSEN

War Trade Board Files

*Agreement between the Norwegian Shipping Commissioners and the United States Shipping Board*²

THIS AGREEMENT, made this 20th day of April A. D. 1918, between T. Dannevig and Emil Stray, Norwegian Shipping Commissioners, for and on behalf of the Norwegian Ship Owners' Association and the several owners of the vessels entered or to be entered under this agreement, and the United States Shipping Board.

WITNESSETH:

1. Any iron or steel sailing vessel of Norwegian registry may be entered under this agreement, and the entry of any vessel under this agreement shall bind the owner thereof to enter all iron or steel sailing vessels of Norwegian registry owned by him which are then in, or which are under guaranty to return to, or which may subsequently come into, United States waters. The owners shall have the right, on forty-five days' notice given prior to such entry, to enter under this agreement any such iron or steel sailing vessel or vessels upon their arrival in any South American or Australian port within the range of this agreement.

2. The vessels entered under this agreement shall be employed under the direction of the United States Shipping Board regularly in trade between the United States Atlantic Port [*sic*] and Rio de Janeiro, Montevideo and/or Buenos Aires and/or Rosario; and/or between

¹ See telegram No. 6082 of Dec. 20, 1917, to the Ambassador in Great Britain, *Foreign Relations*, 1917, Supplement 2, vol. II, pp. 1087-1091.

² See also supplemental agreement of May 25, *post*, p. 1187.

United States Atlantic Ports or San Francisco and Australia, and the owners shall enter into charters with shippers in accordance with the terms and conditions of this agreement.

Shifting to port
of loading

3. Any vessel now or hereafter available in a United States port, either for outward general cargo or for coal, shall be towed to loading port at the expense of charterers.

Ports

4. Charterers shall be allowed one port for loading and one port for discharging, but charterers shall have the option in case of vessels loaded at North Atlantic ports, by paying additional freight of Two Dollars (\$2) per ton, of discharging at two ports in Australia between Freemantle, W. A., and Newcastle, both included, rotation to be from west to east, and vessel to be always stiffened. Charterers shall, however, be permitted to discharge at Newcastle first with Sydney as second port of discharge. The charterers shall likewise have option in case of vessels loading at San Francisco, by paying an additional freight of Two Dollars (\$2) per ton, [of] discharging at two ports in Australia between Newcastle and Adelaide, both included, rotation to be from east to west and vessel to be always stiffened. In the event two ports of discharge are used, the entire cargo shall bear the freight rate to the more distant port of discharge plus the additional freight of Two Dollars (\$2) per ton. In Australia the range of ports shall be as above specified, and vessels shall load homeward at her port of discharge, and in case two ports are used for discharging, vessel shall load at her last port of discharge.

If a vessel is required to shift from her port of discharge in the United States to another port to load, charterers shall furnish sufficient cargo for stiffening to enable the vessel to shift port safely. Charterers shall pay cost of towage to loading port, but time shall not count as lay days. If ballast is furnished for stiffening, all cost of handling same to be paid by charterers, and time used is to be counted as lay days, just as if cargoes were used for stiffening. If a vessel discharging at Montevideo is required to load at Buenos Aires or Rosario, charterers shall supply cargo for stiffening or leave sufficient inward cargo on board and shall pay for towage to Buenos Aires or Rosario, time for shifting ports not

to count as lay days. If ballast is supplied for stiffening, handling of same shall be paid by charterers and time to count as lay days.

No vessel under 1,200 tons net register shall be called upon to enter the Australian trade.

5. All cargoes including stiffening, to be brought to and taken from alongside at the risk and expense of charterers. Cargoes f.f.a.

6. Description of cargo to be:

- (a) Coals outwards to Rio, Montevideo and Buenos Aires.
- (b) General cargo outwards to Australia (excluding explosives, implements of war and other goods not permitted to be carried in a Norwegian sailing vessel).
- (c) Manganese ore homewards from Rio.
- (d) Heavy grain, flour and/or linseed from Buenos Aires and/or Montevideo and/or Rosario.
- (e) Heavy grain, flour, wool and/or chrome ore from Australia. In case chrome ore be shipped quantity not to exceed one third of ship's d. w. capacity balance of cargo to be wool. Any expense in loading wool and/or chrome ore in excess of that charged for heavy grain and/or flour to be paid by charterers, who are also to pay for mats and other expense in way of separation of combined cargoes.

7. The following rates of freight shall prevail:

Rates
Commissions
Hampton f.o.

For coal to Rio-----	\$19. 50	per ton net form charter
For coal to Buenos Aires-----	18. 50	" " " " "
For coal to Montevideo-----	19. 50	" " " " "
For general cargo to Australia from North Atlantic ports-----	30. 00	" " " " "
For general cargo to Newcastle or Sydney from San Francisco--	29. 00	" " " " "
For general cargo to Melbourne or Adelaide from San Francisco--	30. 00	" " " " "
For manganese ore from Rio-----	15. 00	" " " " "
For heavy grain and/or linseed from Buenos Aires or Monte- video-----	20. 50	" " " " "
For heavy grain, flour, wool and/or chrome ore from Australia to North Atlantic ports-----	32. 50	" " gross " "
For heavy grain, flour, wool and/or chrome ore from Australia to San Francisco-----	25. 00	" " " " "
For case oil to Australia from At- lantic ports or San Francisco---	{ 1. 20 per case net form charter 1.35 " " gross " "	

The United States Shipping Board shall determine within 30 days after the signing of this agreement whether case oil shall be carried under net form charter or gross form charter.

For general cargo and for wool, freight to be paid on vessel's guaranteed deadweight capacity; otherwise per ton of cargo carried, either as per bills of lading or from weight delivered, according to the customs of the respective trades.

No address commission or freight brokerage to be paid except on cargoes from a U.S. port to Australia two and one-half per cent ($2\frac{1}{2}\%$).

If any vessel on her homeward voyage is directed to Hampton Roads for orders, rate shall be increased fifty cents (50¢) per ton and orders to be given within 24 hours of arrival, and report within business hours, Sundays and holidays excepted, or lay days to count.

Despatch
Demurrage
Despatch
money

8. Loading and discharging to be effected by charterers at the rate of 250 tons per day at each port, running days, Sundays and holidays excepted, (except for loading in Australia where loading shall be effected at the rate of not less than 175 tons per running day, Sundays and holidays excepted). In all cases, the time for loading and discharging to be reversible, i. e., time saved loading port to apply to port of discharge.

Lay days for loading and discharging coal, manganese ore, heavy grain, flour, linseed, wool, and for loading general cargo shall count from time vessel reaches loading or discharging port, or dock or berth if available, captain giving written notice thereof and all customs formalities complied with. In the event of berth for loading or discharging not being available, lay days to count from time captain gives notice of readiness to proceed to loading or discharging berth, vessel being duly entered and all other custom formalities complied with. Demurrage to be paid by charterers for any time used in excess of the above named despatch at the rate of 20 cents United States gold on vessel's agreed deadweight capacity per day or *pro rata* for part of a day.

Charterers are to be paid dispatch money for all time saved in loading and/or in discharging at the rate of 10 cents U.S. gold per ton on vessel's agreed deadweight capacity per day and *pro rata* for part of a day.

Charterers shall have the privilege of working the cargo on Sundays and holidays, if they so desire, provided they pay all extra expenses and overtime actually incurred by the working of the cargo in connection with the ship and cargo; Sundays and holidays so used not to count as lay days.

9. Freight on all cargoes outward from the United States shall be paid in full on signing of bills of lading, except on outward cargo to Australia, which shall be paid when loading is completed and bills of lading are signed. ^{Payment of freight} Ninety per cent (90%) of the freight on all cargoes inward to the United States shall be paid seventy-two hours after receipt of cable advices that bills of lading have been signed and ship is ready for sea, the balance to be paid on delivery and weighing of cargo; freights to be paid in New York without discount.

10. It is understood that should the war risk insurance premium on hulls be raised above two and one-half per cent ($2\frac{1}{2}\%$) for the voyage, charterers shall pay the excess of such premium, but if the same is raised above five per cent (5%) for the voyage, either party to have option of cancelling charter unless ship has commenced loading, in which case vessel is to proceed, charterers to pay the excess premium. For war risk insurance purposes, it is understood the valuation is to be One Hundred Dollars (\$100) per ton deadweight.

In computing any addition premium to be asked for by the owners the American Underwriters' rates shall be the basis.

11. Forty-five days notice shall be given the United States Shipping Board of vessels' readiness for service for each voyage under this agreement, so that the Board may instruct the owners or their agents to whom the vessels are to be chartered and in what trade they are to be employed. This notice shall not be required, however, for initial voyages of vessels ready to report for loading within forty-five days from signing of this agreement, but lay days shall not commence to count against charterers in such cases until the expiration of ten days after the signing of this agreement unless with charterers' consent. ^{Notice}

12. Enemy or ally of enemy nations shall always be excluded from the crews of vessels entered under this agreement.

Charter terms 13. All other terms and conditions of charters to be in accordance with the charter party forms attached hereunto ¹ which are made part of this agreement.

14. For the vessels covered by this agreement, the United States Shipping Board shall designate, and the owners shall accept as designated, charterers whose financial standing is satisfactory to the owners, it being mutually agreed, however, that the Shipping Board assumes no responsibility for the non-performance of obligations assumed by the charterer under the charter party.

Duration 15. This agreement shall remain in force and effect until the cessation of hostilities between the United States and the countries now at war with it, but either the United States Shipping Board or the Norwegian Shipping Commissioners shall have the option of cancelling this agreement on giving six months written notice, such cancellation not to become effective as to any vessel until the completion of her present charter.

Arbitration 16. Any dispute or [of] law or fact arising under this agreement shall be referred to the arbitration of three persons, one appointed by the Norwegian Shipping Commissioners, one by the United States Shipping Board, and the third by the two so chosen. They shall meet in the City of New York or Washington, and shall proceed in any manner determined by themselves; and their decision or that of any two of them shall be final. Such arbitration shall be a condition precedent to the commencement of any action.

Witness to the signature of EMIL STRAY ²

B. V. COHEN

Witness to the signature of UNITED STATES SHIPPING BOARD

By E. F. CARRY, *Director of Operations*

J. F. ANDREWS

File No. 657.119/423

The Minister in Norway (Schmedeman) to the Secretary of State

[Telegram]

CHRISTIANIA, April 23, 1918, 7 p. m.

[Received April 24, 3.45 a. m.]

677. It having been stated by various newspapers recently that the Prime Minister was opposed to making an agreement with the United

¹ Not printed.

² The signature of T. Dannevig is not indicated on the copy in the War Trade Board Files.

States and that he favored a policy of compensation pure and simple, the Prime Minister has announced that such rumors are unfounded and that he desires conclude an agreement. I called upon the Prime Minister today. He said that the present outlook for an agreement with the United States is exceedingly dark, adding that Norway could not recede from the objections taken to our last proposal and intimating that the difficulties encountered were mainly due to interference of British, French and Italian Governments. The Prime Minister was quite vehement about the possibility that Norway might very soon proceed to a strict policy of compensation and stated that Germany has offered assistance if supplies cannot be obtained elsewhere. While saying that he did not wish to avail himself of Germany's offer he intimated that Norway would possibly be obliged by circumstances to do so.

I also saw the Minister of Foreign Affairs today. He intimated that if Nansen was unable to conclude the agreement, the transfer of the negotiations to Christiania might have better results. I expressed doubt as to the wisdom of this course and suggested that no such action should be taken in any case before the War Trade Board's answer to the last Norwegian objections is received. The Minister of Foreign Affairs requested that the schedules of commodities referred to in War Trade Board's memorandum of April 1 be delivered to Nansen. Ihlen intimated that the War Trade Board was not particularly anxious to make an agreement with Norway.

SCHMEDEMAN

File No. 657.119/478a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, April 27, 1918, 5 p. m.

7469. For Sheldon [from War Trade Board]:

No. 407. We have submitted an exceptionally liberal agreement to Nansen having conceded practically every substantial point he has raised excepting Norwegian Government's right to take over import and distribution of all commodities which we feel might menace French and English supplies.

Nansen now states he is not sure that he has authority to sign, which convinces us his Government intends if possible to drag out this negotiation for political or other reasons. We have notified Nansen that if the agreement is not signed before his departure which is planned for next week we shall not consider ourselves bound by any of the terms of this agreement in any future negotiation but will insist that if matter is reopened it shall be *de novo* and without commitment on our part.

We also feel that in justice to ourselves and in order to fully inform our public we should publish the agreement we have proposed to Nansen, including the ration schedules, if it is not signed.

Please take this up with British and French and, if they approve, communicate the contents to Schmedeman in order that he may inform the Norwegian Government. We will not communicate with Schmedeman directly from here.

LANSING

The Agreement of April 30—Negotiations for Revival of the "Branch Agreements" with Norwegian Associations

File No. 657.119/484

Memorandum of Agreement between the War Trade Board and the Norwegian Government, Relating to Exports from the United States to Norway, Dated April 30, 1918

The War Trade Board, an administrative agency empowered by Executive order of the President to license exports from the United States, and the Special Representative of the Norwegian Government, have jointly considered the commercial relations between the United States and Norway, during the continuance of the present war, for which period this agreement shall continue, subject to termination by either party at the expiration of one year from date and at any time thereafter by either party upon giving three months notice of intention to terminate the same.

With the knowledge of their respective Governments, the War Trade Board and the Special Representative of the Norwegian Government have agreed as follows:

ARTICLE I

1. The powers of the War Trade Board are administrative and pertain wholly to the Nation's domestic or internal affairs.

2. The said War Trade Board agrees that Norway shall receive at ports of origin her estimated needs of the articles enumerated in the several schedules annexed in so far as the same, first, are not required for consumption in the United States, and in so far as the exportation thereof will not so reduce available supplies as to prevent the rationing of the nations associated with the United States in the war; and, second, will not, directly or indirectly, be exported to any country or ally of any country with which the United States is at war.

3. In consideration of the stipulations hereinafter set forth, said War Trade Board agrees to license the export (and in so far as the United States is concerned, free of license charges or export tax), or

facilitate the obtaining, as the case may be, of the estimated requirements of Norway enumerated in the schedules A, B, C, D, E and F,¹ hereto annexed and made a part hereof. Norway's genuine requirements for home consumption of articles not mentioned in these schedules shall be met as far as possible.

4. If sufficient quantities to supply the estimated needs are not deemed available for exportation from the United States at the time required, export licenses shall be granted for as great a part thereof as is available, compatible with the rules and regulations set forth in this agreement. And said Board will grant licenses for bunker fuel and ships stores to vessels transporting the said commodities to Norway from the United States or other countries.

The War Trade Board has been assured by the Governments of the powers associated in the war with the United States and with which it is acting in full accord in these matters that vessels carrying supplies to Norway in compliance with the present agreement shall not in any way be hindered, held or seized on the part of the Allies, subject however to the exercise by the Allies of the right of visit and search. The Governments of the said powers associated with the United States will in every way facilitate the transportation to Norway of all such supplies.

The Norwegian vessels specially reserved for and when actually engaged in carrying supplies to Norway under the present agreement shall not be subject to bunker regulations or other restrictions and shall receive by license bunker fuel and ships stores necessary to carry such supplies to Norway.

ARTICLE II

In consideration of the granting of such export and bunker and ship store licenses for the exportation from the United States and other countries to Norway of the articles enumerated in the annexed schedules, the Norwegian Government agrees to the following stipulations:

1. The commodities enumerated in the schedules A, B, C, D, E and F, annexed, for which licenses may be granted, are based upon the total estimated import needs of Norway for each twelve months period during the continuance hereof, and, since these commodities are to be withdrawn from already restricted world supplies, it is expressly understood that all supplies Norway is enabled to import shall, as and when imported, be deducted from the commodities set forth in said schedules.

¹ Schedule G of the draft agreement does not appear in the final agreement. The items thereunder have been incorporated in part under schedule D.

Owing to the fact that supplies in the United States are restricted, and as an inducement for Norway to obtain elsewhere a part of her requirements and thus save in the use of tonnage, it is understood that in reckoning imports pursuant to the provisions hereof, each ton of the commodities enumerated in the schedules annexed, obtained from Russia as constituted before the war, shall be counted as the equivalent of one-half ton obtained elsewhere.

The importation into Norway of the articles described in the said annexed schedules is for consumption in Norway and the quantities thereof which shall be licensed (notwithstanding the aggregate quantities set forth in the schedules annexed) shall at all times be determined by the actual internal requirements of Norway, with due regard to existing stocks and to the importation into Norway from countries where the license of the Board is not required of like articles, or articles capable of use as substitutes for those described in the annexed schedules.

No article imported into Norway under the provisions hereof shall be exported by Norway to other than "Allied" destination, nor shall any article released by such importation be exported to other than "Allied" destination.

2. Within sixty days from the execution of these presents, full statistics shall be obtained by the Norwegian Government and furnished to the accredited representative of the War Trade Board, and to accredited representatives of the Governments associated with the United States in the war, showing in detail the amounts of existing stocks in Norway of all articles enumerated in the annexed schedules A, B, C, D, E and F, and also showing the locations and ownership of such stocks. And while this agreement continues in effect complete statistical information shall be furnished monthly from the date hereof, to the accredited representative of the War Trade Board, in regard to all exports from and imports into Norway. The statistics which shall be furnished shall be forthcoming not later than thirty days after the period to which they shall have reference, and shall state in detail the name, description and quantity, the country of exportation and country of destination of each commodity imported and exported, and shall include statistics in regard to trade with both neutrals and belligerents. If any question shall arise in respect to the observance of any restrictions of, or prohibitions against exports, full particulars shall, upon request, be furnished to the War Trade Board or its accredited representative in regard thereto, and the Norwegian Government will use every effort within its power in regard to the effective enforcement of such prohibitions, regulations and restrictions. To the end that such questions may arise as little as possible, the Norwegian Government is willing that the War Trade Board should require from importers in Norway, in

return for the granting of licenses, such undertakings as to the disposal of the goods imported as may be in accordance with the terms of this agreement. The Norwegian Government shall have an opportunity to discuss with the representative of the War Trade Board the form of such undertakings. The War Trade Board reserves the right to refuse to accept guarantees which they have reason to believe are not offered in good faith. Such cases are to be explained to and discussed with the Norwegian branch associations.

3. Imports of the articles enumerated in the annexed schedules shall be distributed as evenly as possible throughout the year with due regard to seasonal requirements.

Norway is entitled to have at all times stocks of articles set out in schedules corresponding to at least three months actual needs.

The right is reserved to the War Trade Board to determine the distribution of the allotments for export from the United States both as to time and port, but due consideration shall be given to any representations of the Norwegian Government that may from time to time be made in regard thereto. And the Norwegian Government will from time to time freely consult with the United States and its associates as to the oversea sources from which the articles which are to be imported into Norway shall be obtained.

4. All food and feed stuffs included within the schedules of estimated requirements obtained from the United States, shall be purchased through, or with the approval of, the Food Administration, and the vessels engaged in carrying such tonnage shall receive the same at any Atlantic or Gulf Coast port that may be designated by said Food Administration. The Norwegian Government will utilize the services of the Interallied Wheat Executive as their sole agent for the purchase of grain and flour everywhere except in the United States and European countries, and vessels engaged in carrying such grain and flour shall receive the same at any port outside the United States that may be designated by said Executive.

The War Trade Board assures the Norwegian Government that the said Food Administration and the Interallied Wheat Executive will use every effort within their power to assist Norway in securing such commodities.

5. No articles, including those mentioned in article III of this agreement, which are obtained, grown or produced, in whole or in part, by the use of any implements, machines, machinery, coal, gasoline, kerosene, oils, lubricants or other auxiliaries or articles hereafter imported from the United States, or hereafter imported from any country associated with the United States in the war, or whose importation shall be facilitated by the War Trade Board's license for bunker coal and ships stores, or by the license or authority of any country associated with the United States in the war, shall be directly

or indirectly exported from Norway to any country or ally of any country with which the United States is at war (including territory occupied by the military forces of such country). The foregoing shall be taken also to include any country, whether previously Allied or neutral, all or a portion of whose territory is now occupied by Germany or her allies, excepting France, Italy and Belgium.

6. No articles, including those mentioned in article III of this agreement, which are obtained, grown or produced, in whole or in part, by the use of any implements, machines, machinery, coal, gasoline, kerosene, oils, lubricants or other auxiliaries or articles hereafter imported from the United States or hereafter imported from any country associated with the United States in the war, or whose importation shall be facilitated by the War Trade Board's license for bunker coal and ships stores or by the license or authority of any country associated with the United States in the war shall be directly or indirectly exported from Norway to any neutral country until after Norway shall have procured an agreement from such neutral country, with proper security for the enforcement thereof, that such commodities so exported shall not be directly or indirectly re-exported to Germany or her allies, nor shall any commodities which such articles so exported may serve to release be exported to Germany or her allies. The security mentioned above will be satisfactory to the United States as follows:

For Switzerland—anything going through the S[ociété] S[uisse de] S[urveillance Économique].

For Holland—anything exported through the N[etherlands] O[versea] T[rust].

For Denmark—anything exported through the Danish associations.

For Sweden—anything exported by means of Handels Kommission certificate.

Each of the foregoing associations will be satisfactory to the United States in the case of all articles which are included in the agreement between the respective importing association and the Governments of the associates of the United States, but in respect of articles not so covered Norway will not allow their export to any neutral country which does not effectively prohibit the export of such or similar articles or articles made from or by means of or released by them in any form whatsoever, without prior consultation with and the written assent of the representative of the War Trade Board.

In case the Swedish agreement with the United States and/or its associates in the war, if and when made, shall designate some other Kommission or Association, such designation shall be substituted for the Handels Kommission in this agreement.

ARTICLE III

In consideration of the fact that Norway's requirements of necessities will be secured by the United States and the Powers associated with her in the war, and in order to give the United States and said Powers opportunity to buy considerable quantities of Norway's exportable surplus, the Norwegian Government agrees to the following restrictions of her exports to the Central Powers or their allies:

1. Norway will not export to the Central Powers or their allies foodstuffs of any kind except fish and fish products. Fish and fish products may be exported in quantities not to exceed 48,000 tons per annum, export weight.

The term "fish" shall be taken to include all categories of fish, both salt water and fresh water, including shellfish and marine animals, and the term "fish products" shall be taken to include the products of all fish as herein defined, whether fresh, salted, dried, smoked, canned or preserved in any way whatsoever, but there shall be no export to Germany or her allies of any oil or derivations thereof, of fish or of any marine animals. The quantity of fish and fish products which may be exported to Germany and her allies shall not exceed 15,000 tons in any three months and the amount which such export is more or less than 12,000 tons in any quarter must be deducted from or added to 12,000 tons the following quarter.

The export of each class of fish and fish products is to be made in the form in ordinary commercial use in the past, but the Norwegian Government agrees that the export of "klipfisk" (i. e., dried salted fish) and "törfisk" (i. e., dried fish) shall not exceed 8,000 tons a year in all, and canned fish goods shall not exceed 15,000 tons a year.

While this agreement is in force, no fish caught by Norwegian boats shall, without the written consent of the Norwegian Government, be landed elsewhere than in Norway, nor shall any such fish be transferred at sea except in collecting vessels which shall be obliged to land their cargoes in Norway only.

2. The export per annum of the following articles from Norway to the Central Powers and their allies shall not exceed:

(a) Calcium carbide 10,000 tons.

(b) Calcium nitrate 8,000 tons.

(c) Ferro silicon 2,000 tons.

(d) Iron ore 40,000 tons, no part of which shall be in the form of pyrites, nor any ores containing manganese. Besides this quantity to be exported of iron ore, there may also, as compensation, be exported a quantity of same containing iron equal to the amount of iron contained in the iron and steel goods exported to Norway from the Central Powers or their allies, plus 5 per cent for wastage. In no event, however, shall the

aggregate quantity of iron ore exported by Norway under this clause exceed for any twelve months the amount exported in 1917 as per schedule attached.

(e) Zinc 1,000 tons. Besides this quantity to be exported of zinc there may also, as compensation, be exported a quantity of same containing an equal amount of zinc to that contained in goods exported to Norway from the Central Powers or their allies, plus 5 per cent for wastage. In no event, however, shall the aggregate quantity of zinc exported by Norway under this clause exceed the amount exported in 1917 as per schedule attached.

(f) Aluminium, 40 tons.

The export of the foregoing articles, except by way of compensation, shall be distributed as evenly as possible over the year and the export of no article shall exceed half the annual quantity during the first six months.

3. Copper in the form of crude or refined copper or pyrites cinders on condition and to the extent that Norway shall receive within 60 days from the date of such export copper goods, or goods containing copper, the copper content of which shall be equal to the copper so exported less 5 per cent for wastage. In no event shall the aggregate quantity of copper (in whatever form it may be) exported by Norway under this clause exceed 200 tons. Nothing herein contained shall be construed to authorize or permit the exportation to Germany or her allies of pyrites in any form, except pyrites cinders, provided the total quantity of copper so exported shall not exceed 200 tons.

4. The Norwegian Government agrees that during the continuance of this agreement the following articles shall not be exported from Norway to the Central Powers or their allies:

Domestic animals or their products,
Bismuth,
Nickel,
Wolfram,
Chrome ore,
Pyrites,
Molybdenum,
Nitrates, except the 8,000 tons calcium
nitrate mentioned in article III, 2(b),
Mica,
Tin,
Antimony,
Manganese,
Titanium.

5. The Norwegian Government agrees that the yearly export to the Central Powers and their allies during the continuance of this agreement of articles not mentioned in article III, paragraphs 1-4, shall not exceed the quantities exported to the said countries from

Norway in 1917, as given in the annexed schedule, marked H, nor include any other articles.

If Norway should desire to export to the Central Powers further articles not mentioned or additional quantities of those limited this will be sympathetically considered if the necessity should be shown therefor, but no such exports shall be made without prior written agreement with the War Trade Board.

6. In order to counteract the consequences of Norway having now for a long period of time had her supplies blocked, the moving of supplies to Norway, the stocks of which shall have been depleted, shall be undertaken with the greatest possible intensity, as soon as the present agreement comes into force.

7. Owing to the fact that the interest of a number of persons and firms who have hitherto carried on exports to the Central Powers will through the provisions of the present agreement be seriously interfered with, it is understood that in case such persons and firms guarantee to discontinue all exports to the Central Powers and their allies, except exports permitted by the provisions of this agreement and referred to hereinafter in this section, they shall not be discriminated against after the conclusion of this agreement, provided such export was not carried on in violation of any existing undertaking or of any Norwegian law.

It is understood and agreed that the persons, firms and corporations who may export to the Central Powers the commodities in the quantities hereinbefore provided for, or in section 2 of article III provided for, shall not, because of such export, be deemed enemies or be discriminated against by the United States or the nations associated with the United States in the war.

ARTICLE IV

By way of compensation for the allotment of Norway's requirements, enumerated in the annexed schedules A, B, C, D, E and F, the Norwegian Government will authorize and permit the export, free of export taxes, of the following commodities to the United States or to any of the countries associated with the United States in the war:

- (a) *Chemical products*: nitrates, cyanamide, calcium carbide, silicium carbide and similar products;
- (b) *Metallurgical products*: aluminum, zinc, sodium, ferro silicon, ferro chrome, special steel hobnails and nails;
- (c) *Minerals*: iron ore concentrates and brickets, pyrites, molybdenite and other ores of the same class;
- (d) *Wood and manufactures of wood*: round timber, mainly pitprops, sawn planed wood, pulp (dry), chemical pulp (cellulose), paper and matches;
- (e) Fish and fish products;

and in granting export licenses for said commodities, which Norway hereby agrees to do, free of all taxes or charges, the Norwegian Government will give the United States and her associates preference over all other countries, except as hereinafter in this article provided, for such quantities of said commodities in excess of Norway's genuine requirements for home consumption and as are hereinafter set forth.

It is understood that the preference just hereinbefore provided shall not apply with respect to the articles to be exported from Norway to the Central Powers in accordance with the provisions of section 2 of article III hereof.

The quantities which it is estimated will thus be available for export to the United States and the countries associated with the United States in the war are substantially as follows (quantities are estimated in metric tons):

1. *Chemical products*: nitrates 112,000 tons, cyanamide 10,000 tons, calcium carbide 30,000 tons, silicium carbide and similar products 3,000 tons, total 155,000 tons.

2. *Metallurgical products*: aluminum 12,000 tons, zinc 20,000 tons, sodium 500 tons, ferro silicon 20,000 tons, ferro chrome 5,000 tons, special steel hobnails and nails 3,000 tons, total 60,500 tons;

3. *Minerals*: iron ore concentrates and brickets 200,000 tons, pyrites 130,000 tons, molybdenite and other ores of the same class 300 tons, total 330,300 tons;

4. *Wood and manufactures of wood*: round timber, mainly pit-props, 150,000 tons, sawn planed wood in all 400,000 tons, pulp (dry weight) 125,000 tons, chemical pulp (cellulose) 200,000 tons, paper 125,000 tons, matches 5,000 tons, total 1,005,000 tons;

5. Fish and fish products 48,000 tons.

Norway will permit the export to the United States and her associates in the war of any other commodities needed by them which she can spare.

6. Norway while this agreement is in force agrees that it will do nothing which will have the effect of interfering with exports of any of the commodities designated in this article to the United States or to any country associated with the United States in the war. Norway while this agreement remains in force agrees that it will do nothing which will have the effect of preventing an increase in the production of such articles and consequent increase in the export thereof to the United States and her associates where such increase can be effected without prejudice to the genuine Norwegian requirements for home consumption.

Nothing in this section contained shall however be construed to prohibit the enactment of laws for the protection or advantage of the laboring classes.

ARTICLE V

Nothing herein contained shall be construed as in any manner modifying or changing the terms or conditions of any arrangements or agreements between the Governments of Norway and France, Italy or Great Britain providing for the prohibition or restriction of exports from Norway, or the terms or conditions of any arrangement or agreement between the Governments of Norway and France, Italy or Great Britain, or the terms or conditions of any guarantee given to or agreement made with those Governments by Norwegian citizens, which either is now in force or which having been in abeyance owing to the suspension of imports into Norway, may be revived when such imports recommence under the terms of this agreement. If any agreement by the terms of which Norway is receiving from any country associated with the United States in the war, all or any part of any commodity needs provided for in the annexed schedules, shall, during the continuance of this agreement, be denounced or terminated at the instance of the Norwegian Government, then the quantity of any commodity which Norway would have been entitled to receive had she permitted the agreement so terminated to continue in force, shall be deducted from the quantities of such commodities set forth in the annexed schedules.

2. It is understood that the Norwegian Government shall have the right to control the import and distribution of all commodities imported into Norway, except as in this agreement provided; any commodity of a kind needed in a manufacturing plant whose import and distribution shall have been approved in this agreement by the Norwegian Government and which commodity shall be employed in producing manufactured articles for the United States or any country associated with the United States in the war, shall not, during the continuance of this agreement, be requisitioned, commandeered or otherwise diverted or distributed by the Norwegian Government to the detriment of the operation of such plant, nothing in this section however to apply to food.

3. The Norwegian Government hereby declares that it is ready to, and does hereby authorize trade associations in Norway to negotiate with the Governments of the United States, Great Britain, France and Italy for the conclusion, revival, renewal, extension or modification of all agreements with said Governments, all such agreements when finally negotiated to be subject to the approval of the Norwegian Government. And the Norwegian Government hereby declares its readiness to permit the enforcement of any control, restriction or prohibition in regard to imports and exports, and the distribution thereof, provided for in any such agreements, as far as consistent with existing Norwegian law.

It is understood and agreed that this agreement shall commence to operate May 10, 1918.

IN WITNESS WHEREOF, The War Trade Board has caused these presents to be executed by Vance C. McCormick, its Chairman, and Dr. Fridtjof Nansen, Special Representative of the Norwegian Government, has executed the same on behalf of Norway, this thirtieth day of April, nineteen hundred and eighteen.

WAR TRADE BOARD

By VANCE C. MCCORMICK, *Chairman*

FRIDTJOF NANSEN

Special Representative of the Norwegian Government

[Annex 1]

ANNUAL QUANTITIES OF SUPPLIES FOR NORWAY UNDER A GENERAL AGREEMENT
WITH THE UNITED STATES

Quantities in tons where not otherwise designated

Kind of Goods	Quantities in Metric Tons	Kind of Goods	Quantities in Metric Tons
SCHEDULE A— FOODSTUFFS		SCHEDULE B—OILS AND FATS, ETC.— Continued.	
Bread grains, including rice.	300,000. Barley used in substitution for rye or wheat as a bread grain will count in proportion of 1.4 to 1, which does not apply in the case of barley used in the manufacture of beer.		fabrication into margarine with the addition of a certain amount of cottonseed oil. Any fats or oils to be used in Norway for fabrication of foodstuffs under contract to the Allies, including canning of fish, are to be especially provided for said purposes under special arrangement in each case.
Oil cakes and Indian corn.	200,000. The figure for fodder stuffs of 200,000 tons is in terms of corn values, and includes all concentrates. Oil cake being figured at 4 to 1 and includes the fraction of oil seeds in terms of oil cake later included in classification.	Mineral oils.....	76,500
Starches.....	1,000	Paraffin wax, stearine, stearine acid, and palm acid.	750
Cocoa.....	1,400	Vegetable and mineral turpentine and white spirit.	350
Coffee.....	14,500	Varnishes.....	370
Tea.....	160	Shellac.....	68
Sauces and pickles.....	80	Rape oil.....	120
Sirup.....	10,000	Ceresin, carnauba wax.....	40
Spices.....	382	Oils, not specified.....	1,500
Fruits, dried.....	4,000	SCHEDULE C— RUBBER, ETC.	
Fruit, fresh.....	6,000	Rubber, etc.....	500
Sugar.....	50,000	Rubber covers for automobiles and trucks.	17,000 pieces (including new importations on cars).
Pork and beef.....	10,000	Rubber tubes for same (including new importations on cars).	8,300
SCHEDULE B—OILS AND FATS, ETC.		Solid rubber tires for trucks (including new importations on cars).	1,100
Vegetable and animal oils.	10,000	Rubber tires for motorcycles (including new importations on cars).	2,100
Oil seeds (for seed-crushing plants).	20,000	Rubber tires [sic] for same (including new importations on cars).	2,100
	Two items 10,000 tons vegetable and animal oil and 20,000 tons oil seed in terms of oil. This figure to be estimated in connection with Norwegian stock of fish oil suitable for		

ANNUAL QUANTITIES OF SUPPLIES FOR NORWAY UNDER A GENERAL AGREEMENT
WITH THE UNITED STATES—ContinuedQuantities in *tons* where not otherwise designated

Kind of Goods	Quantities in Metric Tons	Kind of Goods	Quantities in Metric Tons
SCHEDULE D— TEXTILES		SCHEDULE E—MIS- CELLANEOUS	
Silk yarns and tissues.....	110	Corkwood.....	900
Cotton, raw, yarn and manufactures.....	8,000	Borax and boric acid.....	80
Wool, wool yarn, and products.....	3,700	Asbestos.....	350
Flax, hemp, jute, and tow.....	6,500	Rock phosphate.....	40,000
		Antimony.....	12
		Electrode-carbon and carbon electrodes.....	5,000
		Hides.....	3,500
		Tanning extracts.....	5,000
		Resin.....	4,000
		Tobacco.....	2,000
		Shoes, boots and rub- bers (mostly rubbers).....	200
Metal-working machin- ery of all kinds.*	Subject to special agree- ments.		
Fixtures, motor cars, motor trucks, bicycles, writing machines, cash registers, account- ing machines, hard- ware and tools, chem- icals, dyes, colors, drugs, medicines, agri- cultural implements and agricultural machi- nery, and other articles to assist Nor- way in increasing her own production of foodstuffs.*	As required by Norway.	SCHEDULE F—MET- ALS, MINERALS, ETC.	
		Tin, raw.....	80. Increase sub- ject to future agree- ment.
		Tinplates.....	Subject to future agree- ment.
		Lead.....	1,000
		Iron and steel (pig iron ingots, bars, hoops, angles, plates, pipes, fittings, wire, etc.).	250,000
		Copper (plates, bars, pipes, wire, cable).	7,000

* Formed part of schedule G of the draft agreement.

[Annex 2]

SCHEDULE H

[MAXIMUM QUANTITIES OF CERTAIN ARTICLES ALLOWED TO BE EXPORTED ANNUALLY
FROM NORWAY TO THE CENTRAL POWERS UNDER THE TERMS OF THE GENERAL
AGREEMENT]

	Metric tons *		Metric tons *
Down.....	0.003	Phosphorus, raw.....	4.296
Skin of otter.....	0.001	Blystam.....	1.965
Skin of fox.....	0.685	Silver waste.....	1.998
Skin of polar bear.....	0.760	Pumps.....	0.160
Skin of seal.....	213.190	Tools, etc.....	11.600
Skin of shark.....	0.550	Other manufactures of iron.....	C. 165
Skin of wild animals not specified.....	3.430	Manufactures of silver.....	0.008
Whalebones.....	16.668	Manufactures of gold.....	0.001
Furniture.....	0.050	Other machinery.....	186.324
Lichens.....	7.009	Various tools and apparatus.....	11.800
Writing paper.....	0.080	Medicines, norgin and tangin.....	0.222
Various manufactures of paper.....	0.018	Books.....	1.778
Waste of paper.....	314.395	Rat poison.....	8.100
Rutil.....	2.133	Ice.....	99.000
Granite.....	2,531.020	Waste of soapstone.....	7.760
Felspar.....	1,260.000	Seaweed.....	425.000
Soapstone.....	231.780	Moosehorn.....	2.000
Stone chiseled.....	97.267	Lead ash.....	21.683
Whetstones.....	98.670	Screws.....	0.732
Felspar dust.....	125.500	Old electric motors.....	6.542
Talcum.....	17.120	Iron ore.....	123,614.000
Seaweed ashes.....	478.300	Zinc.....	4,467.000

* Figures to the right of the decimal point are kilograms.

File No. 657.119/484

*The Norwegian Minister on Special Mission (Nansen) to the War
Trade Board*

WASHINGTON, April 30, 1918.

SIRS: Referring to article 3, section 1, concerning the collecting of fish caught at sea, I hereby beg to inform you on behalf of the Norwegian Government that the names of any such collecting vessels before being so employed shall be communicated to the Norwegian Director of Fisheries from whom the accredited representative of the War Trade Board at any time shall have the opportunity to obtain full information in this respect. The Norwegian Government will make necessary arrangements preventing the possibility of transferring fishing boats to the flag of any other country during the continuance of this agreement.

In order to prevent the diversion of any fish caught by vessels sailing under the Norwegian flag or transferred at sea to collecting vessels written guarantees will be secured from shipowners for the proper observance of the rules and regulations set forth in the agreement between the War Trade Board and the Norwegian Government dated April 30,¹ and in case of breach of such guarantee any owner, captain or other person responsible for the forwarding shipment or carriage of said fish who does anything or connives at anything which permits such fish to reach any other destination than Norway shall be severely punished by fines or imprisonment according to Norwegian law. No oil or imported equipment of any kind shall be sold or delivered to any fishing boat or collecting vessel without written guarantees from owners or masters for the observance of the rules set forth in said agreement stipulating that in case of breach fines of not less than double the value of the fish diverted shall be imposed.

Yours truly,

FRIDTJOF NANSEN

File No. 657.119/484½

*The Chairman of the War Trade Board (McCormick) to the Nor-
wegian Minister on Special Mission (Nansen)*

WASHINGTON, April 30, 1918.

DEAR SIR: Referring to an agreement between the War Trade Board and the Norwegian Government by you as its special representative, we beg to assure you that notwithstanding the limitation "at ports of origin" contained in section 2 of article 1 of said agreement, Norway shall be entitled to receive her estimated needs

¹ *Supra.*

at her own ports in accordance with the other terms of said contract. Nothing herein or in said contract however to be construed as an obligation on the part of the United States or her associates in the war to furnish Norway the tonnage to lift the commodities included as her needs.

Yours very truly,

[VANCE C. McCORMICK]

File No. 657.119/451b

*The Secretary of State to the French Ambassador (Jusserand)*¹

WASHINGTON, May 3, 1918.

MY DEAR MR. AMBASSADOR: I hand you herewith a copy of the rationing agreement entered into on April 30, 1918, by the War Trade Board with Fridtjof Nansen, special representative of the Norwegian Government.

I understand that previous to the execution of this agreement it was examined by your representatives working in conjunction with the War Trade Board, and that this agreement is entirely satisfactory to your Government.

I should be glad if you would assure me that my understanding of this matter is correct.

I am [etc.]

ROBERT LANSING

File No. 657.119/480d

*The Acting Secretary of State to the Minister in Norway
(Schmedeman)*

[Telegram]

WASHINGTON, May 4, 1918, 5 p. m.

301. For Dye from War Trade Board:

With the conclusion of the Norwegian agreement it becomes of immediate importance that the several trade associations be promptly and effectively re-organized to the end that they may efficiently perform the functions which will devolve upon them under the agreement.

We do not propose to issue export licenses for commodities controlled by associations until such associations have been re-organized in satisfactory manner as contemplated by the agreement. This makes re-organization a matter of urgency. We will also desire your suggestions as soon as possible as to further articles which should in your opinion be placed under control of associations, as we are preparing to license immediately non-essential and uncon-

¹ The same, *mutatis mutandis*, on the same date, to the British Ambassador on Special Mission and to the Italian Ambassador.

trolled articles. All licenses issued by us will be issued subject to plan outlined in our No. 113 for Sheldon, February 18, 1918,¹ which we understand was forwarded to you, with the modifications introduced in said plan by plan for local Allied trade committees approved by Department's circular, April 8, 6 p. m.²

We assume that this re-organization of existing associations and the creation of new ones will be carried out with the cooperation and under the supervision of the Allied Trade Committee. We wish to impress upon you the importance of seeing that this work is done promptly and efficiently and so that no undue preference will be given to the trade of any one of the Associated Governments. We feel that it might be desirable were Owen to proceed to Christiania to confer with you on this subject and to benefit by getting a first hand acquaintance with the work of re-creating the trade associations. We are making such a suggestion to Owen.

PHILLIPS

File No. 657.119/487b

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, May 6, 1918, 7 p. m.

7611. For Sheldon [from War Trade Board]:

No. 434. Embassy's 9700, April 24, 6 p. m., your 477.² Only 50,000 tons Norwegian sailing vessels available so far. Balance will be forthcoming gradually at later date up to 200,000 tons. All chartered for safe trades, principally east and west coast South America and Australia. Steamer tonnage which they will take place of has already been released from these trades.

LANSING

File No. 657.119/447

The Minister in Norway (Schmedeman) to the Secretary of State

[Telegram]

CHRISTIANIA, May 6, 1918, 7 p. m.

[Received May 7, 9.45 a. m.]

706. War Trade Board from Dye:

Your telegram No. 301, May 4, 5 p. m. The Allied Trade Committee in Christiania is now organized and working. We have taken all tentative steps in the matter of reorganizing the trade associations which we can take pending the receipt here of the text of the agreement. At a meeting of the Allied Trade Committee this morning, it was decided that separate new associations should be organized to control each of the following lines which are given in the

¹ Ante, p. 963.

² Not printed.

order of their importance: (1) machinery; (2) textile goods; (3) hemp, jute, flax; (4) leather and manufactures thereof; (5) tobacco; (6) fresh fruit; (7) dyes, drugs and brush-making fibers. The Machinery Importers' Association is practically organized but never had any agreement with Great Britain. Pending the signing of an association agreement we would recommend that we allow a limited quantity of machinery to come forward on the written approval of the association given to us.

British Legation is rather insistent that we should agree that the associations should send their representatives to London to sign the association agreements there, stating that the Allied Blockade Committee would have to pass on them there anyway. This Legation has refused to commit itself on this point, simply saying that we must wait until get the text of the agreement. As soon as the agreement is received we shall telegraph you our views on that point. We assume the text of the agreement will make clear whether we are to make separate association agreements with the War Trade Board, or simply adhere to the British agreements when renewed. London advised.

SCHMEDEMAN

File No. 657.119/500d

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, May 10, 1918, 6 p. m.

7676. For Sheldon [from War Trade Board]:

No. 455. Repeat the following by cable to Christiania and by letter to Paris.

Following is abbreviated text of War Trade Board ruling No. 103 which will be issued May 10:

The War Trade Board announces that, in consequence of the conclusion of a general commercial agreement with Norway, exports to that country of commodities embraced in the schedules attached to that agreement are about to be resumed. A copy of the schedules, enumerating the commodities and the quantities of each which Norway is entitled to import from this country or from other sources, is appended to this announcement. Exports from the United States will be licensed subject to the general policy of conservation and to the general rules and regulations of the War Trade Board.

Various commodities included in the schedules of exports to Norway have hitherto been consigned to one or another of the Norwegian import associations, which are now in process of reorganization. The War Trade Board will not consider applications for licenses to export any of these commodities until the appropriate import association shall have issued a new certificate of guarantee covering the consignment specified in the application. Guarantees issued by such associations prior to May 10, 1918, will not be accepted. Prospective importers of such articles should obtain the appropriate certificate of guarantee, dated subsequent to May 10, 1918, from the proper association and forward the serial number thereof and the name of the association issuing the same to the prospective exporter in the United States. Exporters should furnish the serial number of the certificate and the name of the Norwegian import association. Export licenses will be valid only for shipments to be made on vessels flying the Norwegian flag.

The schedules of commodities with the quantities of each which Norway is entitled to import, as laid down in the agreement, are as follows, the amounts being for a year's consumption and calculated in metric tons unless otherwise specified. Schedules follow.

Forms follow.

LANSING

File No. 657.119/476

The French Ambassador (Jusserand) to the Secretary of State

WASHINGTON, May 15, 1918.

[Received May 18.]

MY DEAR MR. SECRETARY: I have the honor to acknowledge the receipt of your letter of the 3d instant transmitting a copy of the rationing agreement negotiated between the War Trade Board and the special Norwegian representative, and dated April 30, 1918.

As mentioned by you, these negotiations have been followed by an authorized representative of the French High Commissioner working in conjunction with the War Trade Board. In answer to your question, I take pleasure in informing you that my Government fully approves the articles of this agreement.

Believe me [etc.]

JUSSERAND

File No. 657.119/447

The Secretary of State to the Minister in Norway (Schmedeman)

[Telegram]

WASHINGTON, May 18, 1918, 4 p. m.

321. For Dye [from War Trade Board]:

No. 5. Our No. 1, Department's 314, 6 p. m., May 14.¹ We withdraw our suggestion that association agreements should be negotiated at London and agree to their negotiation at Christiania. We are cabling London in the above sense.

LANSING

File No. 657.119/455

The Secretary of State to the Minister in Norway (Schmedeman)

[Telegram]

WASHINGTON, May 22, 1918, noon.

324. For Dye [from War Trade Board]:

No. 8. Your No. 1, Legation 727, May 15, 7 p. m.¹ We will adopt the procedure which you state has been adopted by British and which involves issuing export licenses against certificates issued by associations prior to May 10, provided associations confirm these in writing to Allied Trade Committee. You will obtain from associations already organized a written declaration that until new agreements can be negotiated they will consider their former agreements

¹ Not printed.

with Great Britain as applicable to imports from United States, subject, however, to such modifications as are necessitated by the terms of the recently concluded commercial agreement.

LANSING

War Trade Board Files

Supplemental Agreement between the Norwegian Shipping Commissioners and the United States Shipping Board

THIS SUPPLEMENTAL AGREEMENT, Made this 25th day of May, 1918, between T. Dannevig and Emil Stray. Norwegian Shipping Commissioners, for and on behalf of the Norwegian Ship Owners' Association and the several owners of the vessels entered or to be entered under this agreement, and the United States Shipping Board;

WITNESSETH:

1. This agreement shall supplement and become a part of the attached agreement dated April 20, 1918,¹ between the same parties, and shall be deemed applicable to all vessels heretofore or hereafter entered under that agreement.

2. Charterers shall have the option of having vessel take general cargo instead of coal from north Atlantic ports to Rio de Janeiro, Montevideo, and/or Buenos Aires, the rate of freight on general cargo to be One Dollar and Fifty cents (\$1.50), United States Gold, in addition to the rates for coal as specified in said agreement of April 20, 1918, freight to be paid on vessel's guaranteed deadweight carrying capacity, and all other terms to be the same as for coal, except that if a vessel comes on demurrage, Sundays and holidays are not to count.

3. Charterers shall have the right to load tin, as well as heavy grain, flour, wool, and/or chrome ore, from Australia to either San Francisco or north Atlantic ports, provided the quantity of tin and/or chrome ore in any one vessel does not exceed one-third of the vessel's deadweight carrying capacity, the rate of freight for tin to be the same as that for the other commodities carried.

Witness to the signature of

N. D. CUNNINGHAM

T. DANNEVIG

N. D. CUNNINGHAM

EMIL STRAY

Witness to the signature of UNITED STATES SHIPPING BOARD
by E. F. CARRY, *Director of Operations*

J. F. ANDREWS

¹ *Ante*, p. 1163.

File No. 657.119/514

*The British Ambassador on Special Mission (Reading) to the
Secretary of State*

No. 598

WASHINGTON, May 29, 1918.

[Received June 1.]

MY DEAR MR. SECRETARY: I beg to acknowledge the receipt of your letter of May 3d enclosing copy of the Norwegian agreement which was signed by Mr. McCormick and Doctor Nansen.

I have received instructions from Mr. Balfour to inform you that His Majesty's Government are prepared formally to adhere to the agreement as enclosed in your note of the 3d instant.

Believe me [etc.]

READING

War Trade Board Files: Norwegian Imports Control

*Proposed Common Form of Agreement between the Associated
Governments and Norwegian Associations*¹

The Governments of France, Great Britain, Italy, and the United States of America (hereinafter called "the Associated Governments") being desirous of affording facilities for and expediting the passage of the articles hereinafter specified, and the ----- Association (hereinafter called "the Association") being desirous of securing adequate supplies of these articles to cover the home consumption thereof in Norway, it is mutually agreed between the Associated Governments and the Association as follows:

1. The Association shall act as consignee for all the articles set forth in schedule A hereto, or which may hereafter be added thereto, imported into Norway by private persons, firms, and companies from all sources whatsoever, and undertakes to distribute them in accordance with the terms of this agreement. The word "articles" shall throughout this agreement be taken to include all and any of the articles referred to in this clause.

2. The Association shall control in the manner hereinafter provided the disposal of all articles and products of articles imported into Norway under this agreement. The word "products" shall throughout this agreement be taken to include all goods which are wholly or partly produced from or by means of articles imported under this agreement, and all by-products or waste resulting from the utilisation of such articles for the purpose of manufacture and all goods which are wholly or partly produced from or by means of such goods, by-products or waste.

¹ This draft agreement was forwarded to the War Trade Board by its agent at London, Mr. L. P. Sheldon, as enclosure to a despatch dated June 7, 1918, which is included in a different file—Control Machinery, Norway, vol. I.

3. It is the intention of this agreement that the Association shall not afford facilities for importing articles to persons, firms, or companies other than recognised members of the Association, unless the Inter-Allied Trade Committee at Christiania shall have expressly authorised the granting of facilities to such other persons, firms, or companies.

4. The Association shall not admit to membership any person, firm, or company who is not at the present time a recognised member of the Association without the previous consent of the Inter-Allied Trade Committee at Christiania.

5. The Association shall in no circumstances afford facilities of any kind to any person who is a subject of a country at war with any of the Associated Governments, or to any firm or company controlled or principally owned by any such person.

6. The Associated Governments shall have the right to notify to the Association, through the Inter-Allied Trade Committee at Christiania, the names of persons, firms, and companies, whether directly connected with trades benefited by this agreement or not, who they consider for any reason whatsoever should not be granted by the Association the certificates hereinafter referred to, or enjoy any benefit under this agreement, and to whom no articles or products should be sold by any member of the Association. Such notification shall include, for the strictly confidential information of the Committee for the time being of the Association, the reasons which actuate the Associated Governments in making such notification. The Associated Governments shall be entitled to notify persons, firms, or companies now on the list of persons, firms, and companies notified to the various Trade Associations in Norway under the previous agreement between His Britannic Majesty's Government and those Associations without stating their reasons for notification as aforesaid, but in the event of any such person, firm, or company being already at the date of this agreement a member of the Association, the Associated Governments will consider any representation which the Association may make. Upon receipt of such notification regarding a member, the Association shall suspend the issue of the certificates hereinafter mentioned and the delivery of any articles to such member, and shall suspend him from membership until due explanations have been forwarded to the Inter-Allied Trade Committee at Christiania by the Association, and until the case has been subsequently discussed and an agreement reached between the said Committee and the Association. It is understood that, in communicating any explanation under this clause, the Association will communicate to the Inter-Allied Trade Committee at Christiania all facts or evidence, both for and against the member concerned, which may have been elicited on any enquiry

made by the Association with reference to the conduct, or suspected conduct, of the said member.

7. Should the Association suspect or be informed by or on behalf of the Associated Governments that a member has not loyally and conscientiously fulfilled obligations undertaken, or has acted contrary to the spirit or in violation of the terms of this agreement or of any declaration given hereunder, the Association shall forthwith institute a strict enquiry as to the conduct of such member, and shall, until such enquiry has shown the suspicion to be unfounded, refrain from supporting applications for export licences or for shipping facilities on behalf of such member, and will detain all articles consigned to it on his behalf.

The Association may, however, with the express consent of the Inter-Allied Trade Committee at Christiania, continue to issue certificates in favour of such suspected member, provided that no goods are actually delivered to such member till suspicion has been removed.

In like manner the Associated Governments reserve to themselves the right to refuse export facilities and other facilities in favour of such member.

8. In the event of the conduct of any person, firm, or company being proved to have been contrary to the spirit or terms and intention of this agreement, or any undertaking given to the Association, the Association shall forthwith take all necessary measures to prevent a recurrence of such action, including the enforcement of any undertaking given by such person, firm, or company, and the institution of criminal proceedings under the law of May 14, 1917, if the conduct of the person, firm, or company concerned shall have rendered him or it liable thereto; and in particular, no further certificates shall be issued to or on behalf of such person, firm, or company, even though such person, firm, or company be a member of the Association, without the written consent of the Inter-Allied Trade Committee at Christiania, and the Association will also in all cases communicate at once to the said Committee the name of such person, firm, or company, and the reasons which have prompted it in arriving at its decision. The name of any member to whom the Association refuses the issue of its certificates under this clause, or any member, person, firm, or company notified to the Association under clause 6, shall be communicated by the Association to its members, and no member shall sell or deliver, either directly or indirectly, any articles or products to any such member, person, firm, or company, or directly or indirectly assist any such member, person, firm, or company to import or purchase or obtain or get control of any articles or products. It is expressly stated that such acts or dealings

on the part of a member shall constitute conduct on the part of such member involving his exclusion from all benefits of membership of the Association under this agreement.

9. The Association shall report to the Inter-Allied Trade Committee at Christiania the names of all persons, firms, and companies suspended or excluded from membership, or to whom the Association will not issue the certificates hereinafter referred to; and it is understood and agreed that the Association will at all times communicate freely and frankly with the said Committee as to all such suspensions and exclusions from membership, refusals of certificates, and, if requested so to do by the said Committee as to applications for membership which have been refused, and as to reasons of the Association for the decision arrived at in each case.

10. Subject to due observance of this agreement the Associated Governments agree, as regards articles coming from their own territories, that they will, so far as is consistent with their general policy, with their own and each other's requirements and the requirements of their co-belligerents, and with the necessity of making provision for the reasonable requirements of other neutral countries, grant licences for the export of articles to the Association, and, as regards articles coming from other countries, that they will allow such shipments to proceed as expeditiously as possible, provided:

- (a) That the total quantities of articles imported into Norway shall not exceed the amounts fixed under clause 19 of this agreement.
- (b) That the articles shall be carried in vessels flying the Norwegian flag, unless the Associated Governments shall have expressly agreed to their being carried in vessels of some other nationality.
- (c) That the Associated Governments expressly reserve their belligerent right of visit, search and detention in regard to vessels carrying articles belonging to, or intended for, the Association or any member; and nothing in the agreement shall be deemed to prevent the detention of articles or the institution of proceedings in prize in cases where the Associated Governments are in possession of information which, in their opinion, justifies the detention or institution of proceedings.
- (d) That in the case of shipments of articles from countries in which the system of letters of assurance is in force, the Association and its members will take steps to ensure that the articles are duly covered by letters of assurance.

11. All consignments of articles to be imported into Norway by the Associations shall be covered by a certificate issued by the Association in the form contained in schedule B hereto. Two copies of each certificate shall be forwarded by the Association to the office

of the Inter-Allied Trade Committee in Christiania. In the case of articles to be imported from the territories of the Associated Governments a third copy, similarly authenticated, shall be given to the intending importer of the articles, who will hold it at the disposal of the licensing authorities of the country of origin of the goods as and when required by them. In order that the passage of the vessels carrying articles may not be delayed, the copies of certificates filed in the office of the Inter-Allied Trade Committee at Christiania will be sent to the said office as long as possible before the carrying vessel is expected to leave the port of shipment of the articles. These certificates shall be numbered consecutively, and manifests of steamers carrying consignments hereunder shall indicate the number of the certificates of the Association in respect of the particular consignment.

12. Every bill of lading shall contain the name of the person, firm, or company for whom any articles are actually intended, but not so as to give that person, firm, or company the right to obtain the articles without the endorsement of the bill of lading by the Association. All shipments shall be made direct to Norway, unless permission is obtained from one of the Associated Governments to ship articles to the territory of each Government, in order to be re-exported to Norway under a licence issued by such Government.

13. The Association undertakes that it will not issue the certificates referred to in clause 11 hereof or deliver any articles unless it has first obtained from the member concerned a declaration in the form contained in schedule C hereto, and unless it is satisfied that the quantities of articles which such member wishes to import represent his current requirements and are not unreasonably in excess of the average annual imports (if any) by such member individually during the years 1911, 1912, and 1913, reasonable allowance being made for the development of such member's trade or business.

13a. The Association will take every possible precaution to ensure that the declarations given by the persons, firms, or companies to whom the goods are first delivered shall be duly carried out. The Association will also use all possible endeavours to ensure that all subsequent holders of the articles and products observe the declarations given in respect thereof, and will not supply, and will do its best to prevent the supply, of articles and products to any person, firm, or company who has been guilty of the export or attempted export of articles or products contrary to the terms of this agreement.

14. The Association undertakes that, in issuing its certificates and facilitating imports by individual persons, firms, and companies, equitable provision shall be made for the needs of persons, firms,

and companies engaged in the production of articles to be exported to the territories of the Associated Governments or their co-belligerents or to be supplied to persons, firms or companies, engaged in the production of articles to be exported to the said territories. The Association shall take into consideration any representations which may be made to it by the Associated Governments, or any of them, on behalf of any person, firm or company which complains that equitable provision is not made for his or its needs as provided in this clause.

15. The Association undertakes that it will not part with the control of any articles unless and until it shall have been satisfied that the packing of the articles is covered by an approved undertaking. This undertaking shall be the recognised textile coverings declaration, if the goods are packed in textile coverings, and shall be the "ordinary undertaking" or such other form of declaration as may be adopted in place of the ordinary undertaking for this purpose, if the goods are packed in barrels, casks or drums.

16. The Association hereby undertakes that articles imported into Norway in accordance with the terms of this agreement will not be exported from Norway except to Allied destination and save in the case of such export aforesaid will be consumed and used exclusively in Norway. The Association will use its best endeavours to secure that no articles or products shall be used directly or indirectly in any way to the detriment of the Associated Governments or their co-belligerents, nor to the direct or indirect benefit of the Government of, or any person resident or carrying on business or being in, a state at war with any of the Associated Governments.

17. The Association hereby undertakes that all products shall be used or consumed exclusively as follows:

- (a) In Norway;
- (b) For export to the territories of the Associated Governments or their co-belligerents, not including any territories of the Associated Governments or their co-belligerents which are occupied by the military forces of any state at war with any of the Associated Governments, or any country, whether previously Allied or neutral, all or a portion of whose territory is now occupied by Germany or her allies, except France, Italy or Belgium;
- (c) For export to neutral countries, subject to the provisions of section 6 of article 2 of the agreement of April 30, 1918, between the United States War Trade Board and the Norwegian Government.

18. All the clauses of this agreement, where applicable, shall apply with equal force to all stocks of articles and products in the possession or under the control of any member of the Association, and to all articles and products (even though not imported under the terms

of this agreement) which any such member may purchase or obtain, or have purchased or obtained, in Norway or elsewhere.

19. It is agreed that the quantities of articles to be imported into Norway under this agreement shall be fixed for the year beginning on the 10th day of May, 1918, at the amounts shown in schedule A hereto. The quantities of articles to be imported in subsequent years shall be fixed by mutual agreement subject to any stipulations contained in the agreement of April 30, 1918, between the United States War Trade Board and the Norwegian Government.

20. The quantities of articles importable under this agreement shall be held sufficient to cover the *bona fide* requirements of Norway in respect of such articles for all purposes. Subject to the provisions of clause 21 the agreed quantities shall include all imports of such articles from all sources, and, if any such articles are imported into Norway from any source otherwise than under the terms of this agreement, the agreed quantities shall be correspondingly reduced.

21. The Associated Governments reserve to themselves the right to facilitate the direct import of articles over and above the quantities provided in clause 19, by persons, firms, and companies whether members of the Association or not, who are engaged in the production of articles to be exported to the territories of the Associated Governments or their co-belligerents or to be supplied to persons, firms, or companies engaged in the production of articles to be exported to the said territories. Articles so imported shall not be included in the quantities shown in schedule A hereto, but nothing in this clause shall dispense the Association from the obligation to make equitable provision for the needs of the persons, firms, and companies in question as provided in clause 14.

22. Imports of articles shall be distributed as evenly as possible throughout the year, with due regard to seasonal requirements, and the Association will, so far as it is concerned, be governed generally by the stipulations contained in section 3 of article 2 of the agreement of April 30, 1918, between the United States War Trade Board and the Norwegian Government.

23. It is expressly understood that all articles imported after the 10th day of May, 1918, until such time as this agreement is in force, shall be treated as part of the agreed quantities as specified in schedule A hereto attached which shall be reduced accordingly, and the Association shall only import up to such reduced quantities. The Association shall furnish to the Inter-Allied Trade Committee at Christiania, as soon as this agreement comes into force, statements showing the quantities of articles so imported.

24. The Association will at all times endeavour to obtain particulars of all articles imported outside this agreement, and will com-

municate same to the Inter-Allied Trade Committee at Christiania. Such particulars and information shall be communicated fully and freely as soon as they are received, and without the Association being asked for them.

25. If any of the Associated Governments should seize or detain articles from neutral countries on their way to Norway, or refuse applications for licences to export goods from their territories to Norway, notwithstanding that such goods are covered by a certificate issued by the Association, the Government concerned will, if requested by the Association through the Inter-Allied Trade Committee at Christiania to do so, and as far as is reasonably possible and compatible with their interests, inform the Association of the reasons which have prevented them from according facilities or granting export licences, and will consider any representations which may be made by the Association.

26. The Association will establish a bureau for the purposes of this agreement, and will, if so requested by the Inter-Allied Trade Committee at Christiania or by the accredited representation of any of the Associated Governments, furnish the fullest particulars concerning the disposal of any articles covered by this agreement, together with all necessary documents relating to such disposal. The Association shall, at the request of the said committee or of such accredited representation, cause the books, records, and documents of any member to be examined by the Revisions Bank or by a Norwegian chartered accountant mutually agreed upon between the said committee or such accredited representative and the Association, and shall transmit the result of such examination for the confidential information of the Associated Governments.

27. The Association shall furnish to the Inter-Allied Trade Committee at Christiania, within 30 days after the termination of each period of three calendar months, calculated from the same date as that fixed for the beginning of the first of the monthly statistical periods contemplated in section 2 of article 2 of the agreement of April 30, 1918, between the United States War Trade Board and the Norwegian Government, quarterly statements showing:

- (a) Quantities of articles which have arrived in Norway consigned to the Association, with particulars of each consignment included, and the name and date of arrival of the carrying vessel;
- (b) Quantities of articles for which the Association has issued certificates;
- (c) Quantities and particulars of exports from Norway of products in respect of which the Inter-Allied Trade Committee at Christiania or the accredited representatives of any of the Associated Governments shall have requested that this information should be furnished;

- (d) Stocks held by or under the control of members of the Association of articles and products in respect of which the Inter-Allied Trade Committee at Christiania or the accredited representative of any of the Associated Governments shall have requested that this information should be furnished.

28. This agreement shall remain in force for the duration of the present war, subject to the condition that either party, that is to say, the Associated Governments jointly or the Association, shall have the right to denounce this agreement on giving the other in Christiania 14 days' notice in writing. In the event of the Association failing to explain satisfactorily, when requested so to do, any circumstances which inspire the Associated Governments with suspicion, the Associated Governments may denounce it forthwith.

29. Any termination of the agreement under clause 28 shall not effect [*affect*] obligations incurred under the agreement in respect to articles imported into Norway in accordance with the terms of the agreement even though they should have arrived in Norway subsequently to the date of such termination.

30. This agreement shall not come into force until the Associated Governments are satisfied that it has the approval of the Norwegian Government.

File No. 657.119/607

The Minister in Norway (Schmedeman) to the Secretary of State
[Telegram]

CHRISTIANIA, July 8, 1918, 7 p. m.

[Received July 9, 6.15 a. m.]

871. The various branch agreements to be entered into with the Norwegian trade associations, under the agreement between the War Trade Board and Norway, are now undergoing final revision by the Allied Blockade Committee at London and the Inter-Allied Trade Committee here. When definite treaty formulated, these agreements will be submitted for acceptance and eventual signature to the trade associations. The British, French, and Italian Ministers here have shown [*advised?*] the Norwegian Government of the formal adherence of their respective Governments to the Norway-American agreement. My three colleagues will therefore sign the branch agreement on behalf of their Governments when the terms of the agreements have been accepted by the Norway trade associations. Under the proposed form of these agreements the obligation of the Norway trade associations will run to "representatives of the Associated Governments." But before signing them, on behalf of the Government of the United States, I would request instructions and explicit authority to do so. Inasmuch, however, as the general agreement

is an agreement between the Norwegian Government and the War Trade Board, "an administrative agency of the Government of the United States," it may be desirable for constitutional reasons to have the branch agreements with the Norway trade associations signed on behalf of the War Trade Board by its representative in Norway. London advised.

SCHMEDEMAN

File No. 657.119/607

*The Acting Secretary of State to the Minister in Norway
(Schmedeman)*

[Telegram]

WASHINGTON, July 26, 1918, 4 p. m.

396. Legation 871, July 8, 7 p. m. Any agreements of the character referred to by you should, so far as relates to the United States, be between the trade association in question and the War Trade Board of the United States and signed on behalf of the War Trade Board by the representative of the War Trade Board at Christiania. Before agreements are actually signed, however, explicit authority should be awaited. When agreements are in final form please advise as to what, if any, modifications have been made in the drafts submitted to War Trade Board by Sheldon in his despatch of June 7, 1918.¹ Repeat to Sheldon.

POLK

War Trade Board Files: American-Norwegian Agreement, Vol. III

*The Italian High Commissioner (Macchi di Cellere) to the Chairman
of the War Trade Board (McCormick)*

No. 8130/C-6

WASHINGTON, August 16, 1918.

MY DEAR MR. MCCORMICK: With reference to the Norwegian agreement signed on April 30 last, I am directed by my Government to notify you of their adhesion to said agreement.

Yours very truly,

High Commissioner for Italy
per F. QUATRONE

File No. 657.119/739

The Secretary of State to the Minister in Norway (Schmedeman)

[Telegram]

WASHINGTON, August 24, 1918, 5 p. m.

436. For Dye [from War Trade Board]:

No. 52. Your undated No. 989, received August 11, re corkmakers' agreement.² We have no record of any cable despatched to you

¹ See footnote 1, ante, p. 1188.

² Not printed.

on July 24, 6 p. m., and numbered 396. If you refer to our No. 396, July 26, 4 p. m., then you are authorized to sign, provided the final form of the agreement is identical with the draft submitted to the War Trade Board by Sheldon in his despatch of June 7,¹ which he tells us he has sent to you. If there have been any modifications of this draft, cable them to us and do not sign until you are further authorized.

LANSING

File No. 657.119/873

The Chargé in Norway (Schoenfeld) to the Secretary of State

No. 890

CHRISTIANIA, August 19, 1918.

[Received September 12.]

SIR: I have the honor to report, for the Department's information, that a notice appeared in the press, under date of the 14th inst., that the Storting had unanimously approved, without debate, the report relative to the agreement with the United States signed by Minister Nansen on April 30, 1918.

I have [etc.]

H. F. ARTHUR SCHOENFELD

File No. 657.119/830a suppl.

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, September 14, 1918, noon.

1365. For Sheldon [from War Trade Board]:

No. 1187. Supplementing Department's 925, August 22, 8 p. m., our 1069.² Please repeat the following to Dye:

Department's 436, August 24, 5 p. m., our 52. Sheldon has sent us corrected text of cork-makers' agreement. It does not differ materially from the former text submitted to us by Sheldon in his despatch of June 7.¹ In consequence, you are authorized to sign this agreement.

LANSING

File No. 657.119/931

The Minister in Norway (Schmedeman), temporarily at Washington, to the Secretary of State

WASHINGTON, September 30, 1918.

SIR: In accordance with your request of Saturday I have the honor to repeat the remarks made to me by Mr. Ihlen³ on July 23, 1918, when I took leave of him before coming to the United States.

¹ See footnote 1, *ante*, p. 1188.

² Not printed.

³ Norwegian Minister of Foreign Affairs.

He requested me to inform the President and the Secretary of State that he wished to thank them over and over again for the fairness with which the American Government had treated Norway during the entire negotiations. He said that he was joined in these expressions of thanks by the whole Cabinet and that they were all more than pleased with the interpretation of the agreement and the way in which it is working now. He said, further, "It is hardly necessary for me to tell you of the feeling of sympathy and admiration that almost every Norwegian has for America and that the relationship between Norway and the United States is better today than it has ever been."

I also called on the Prime Minister the same day. He asked me to say to the President that the neutrals feel that the peace which President Wilson stands for will be a peace that all neutrals will be satisfied with.

I have [etc.]

A. G. SCHMEDEMAN

File No. 657.119/979

The Minister in Norway (Schmedeman) to the Secretary of State

[Telegram]

CHRISTIANIA, October 24, 1918, 7 p. m.

[Received 11.37 p. m.]

1277. From Owen to War Trade Board:

No. 168. Draft of corkmakers' benevolent [branch] agreement approved by you in Department's No. 436, August 24, 5 p. m., No. 52 for Dye, is not in accordance with instructions in Department's 396, July 26, 4 p. m. Other branch arrangements are being drawn up in the same manner as corkmakers' agreement. Should not the words "War Trade Board" be substituted for "United States Government" in first paragraph of these draft agreements, and should the term Associated Governments be employed through these forms?

SCHMEDEMAN

File No. 657.119/979

The Secretary of State to the Minister in Norway (Schmedeman)

[Telegram]

WASHINGTON, November 1, 1918, 6 p. m.

541. For Dye [from War Trade Board]:

No. 110. For Owen. Your 168, Legation 1277, October 24, 7 p. m. Corkmakers' agreement should commence: "The Governments of France, Great Britain and Italy, and the War Trade Board of the United States each being desirous of affording facilities," and should read further: "It is mutually agreed between each of the Governments of France, Great Britain and Italy and the War Trade Board of the United States and the Association as follows." Throughout

the agreement and in other branch arrangements the words "War Trade Board of the United States" should be substituted for "United States Government." Corresponding changes should be made throughout agreement. For example the words "the Governments of France, Great Britain and Italy and the War Trade Board of the United States" should be substituted for the words "Associated Governments."

LANSING

[No further correspondence has been found on the subject of the "branch agreements."]

NEGOTIATIONS WITH SWEDEN CONCERNING EXPORTS AND SHIPPING

The Modus Vivendi Signed January 29—Negotiations Regarding Its Application—Modification of the American Bunkering Regulations—Proposals for a General Agreement—Plan for the Purchase of Swedish Iron Ore

File No. 658.119/158

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, January 9, 1918, 6 p. m.

[Received January 10, 11.45 a. m.]

8204. For your information and that of War Trade Board. Foreign Office has just asked for statement of American views respecting a proposed telegram to British Minister at Stockholm expressing surprise at Swedish delaying of negotiations and inquiring whether in the view of British Minister and his Allied colleagues, the object of the Swedes is to gain time in order to make some arrangement with Germany and possibly with Russia which would render unnecessary any negotiations with the Allies. British point out that Allied representatives have indicated willingness to come to agreement with Swedish delegates provided a settlement were reached on the questions of iron ore, shipping and finance. Though Swedish delegates promised to obtain views of their Government nearly three weeks ago, no progress has been made and Mr. Wallenberg, the head of the Swedish missions, has stated that he thinks there is at present no use in further discussions pending replies from Stockholm. If it meets with your approval I venture to suggest that some such message be sent to our Minister as well.

Cumulative evidence reveals Scandinavia permeated with the assuredness that peace is at hand. Germans are exerting influence and pressure to tie hands of Scandinavian negotiations and are lav-

ishing both threats and promises leveled at the wrecking of possible agreements with the Allies. Until we succeed in circumventing these designs, real progress will not be made. It is a question of first importance, therefore, to consider such means as we have at our disposal. Not the least of our weapons is the adroit use of publicity especially when coupled with effective propaganda. But as a first step, the timely publication of our offers might go far toward the enlightenment of Scandinavian public opinion. [If] the advantages and relief which we offer were known to the people, the Governments might find themselves, in the face of strong public pressure, no longer in a position to temporize freely.

In this connection it is well to bear in mind accommodations [*advantage*] to us of a little of the light of publicity on the recourse of [*reasons for?*] the measures to be taken. What would be the measure of additional discontent in Germany should it become public knowledge that their leaders were preparing further to curtail German civilian rations in order to feed the populations of adjacent neutral countries?

Some definite action is needed before the fruition of the present program of inter-Scandinavian exchange of products which, the French believe, may be so successful as to deliver Scandinavia from such relief of their present dependence upon the Allied permit. From a sure source it has been learned that the Swedes have sent a man to Berlin with our iron ore proposals and that they are awaiting instructions from the Germans before replying. From London, other sources, it is learned that all our proposals to the three Scandinavian countries are alike being submitted to German inspection and criticism and that there is a full and frank interchange of opinion between the Scandinavian Governments and their German advisers on blockade matters.

PAGE

File No. 658.119/159

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, *January 11, 1918, midnight.*

[*Received January 12, 1.56 a. m.*]

8242. War Trade Board from Sheldon:

Referring to your telegram January 6 [4].¹ In view of the urgent needs of Swedish shipping now in British and French ports for carrying coal to France and Italy, for which no other tonnage available, and as the need of coal in Italy especially is considered very acute

¹ *Foreign Relations*, 1917, Supplement 2, vol. II, pp. 1113-1115.

from a military point of view, British Foreign Office are of the opinion that the *modus vivendi* with the Swedes to secure this tonnage is desirable even if no more than 100,000 tons dead weight be made available immediately. I would point out, however, that an important clause in this *modus vivendi* that will be proposed by the Swedish delegates to their Government is the following: "As regards Swedish boats now lying idle in Swedish ports, the Swedish Government will grant licenses for such vessels to resume trading voyage by voyage pending the conclusion of a general agreement and will not obstruct direct negotiations between Allies and Swedish shipowners for this purpose." This is subject to vessels not being actually required for service of Sweden and for bunkering facilities and examination at a port of danger zone being accorded and on the further express condition that these vessels shall be enabled to return to a Swedish port in ballast, if desired, on completion of the charter. Swedish shipowners also will be permitted to charter to Belgian Relief Commission, and all Swedish ships at present engaged in trade of interest to the Allies will be allowed to continue in such trade.

In return for this 100,000 tons dead weight and for any further ships now in Sweden that might be obtained under the above arrangement, it is proposed to offer—

- (1) Release of *Jemtland* and *Österland* which will be chartered to Allies for service outside war zone, either for three months or round voyage [with] redelivery in United States ports;
- (2) 25,000 tons phosphate rock to be licensed for export;
- (3) 15,000 tons illuminating oil, 4,000 tons fuel oil;
- (4) 15,000 tons maize, 5,000 tons oil cake now lying in Buenos Aires for the account of Sweden;
- (5) 21,000 bags of coffee liberated and license to import additional 25,000 bags;
- (6) Release of dried fruit and cocoa only;
- (7) Cork for insulating purposes;

but no articles which have been refrigerated to be exported without (consent of?) Allies.

The above arrangements prepared for use of 100,000 tons entirely in French and Italian trade.

If it were not for the urgent need of this particular tonnage, I feel sure Great Britain would not recommend these concessions, and while awaiting your answer as to your agreement on the above points the situation may change. I should like to have definite instructions as to your approval should the Allies decide on the above lines. Against the boats necessary to the above-mentioned rations

to Sweden, equal amount of similar tonnage from Swedish ports should leave for United States of America in exchange as is proposed in the Dutch *modus vivendi*. I am informed that a copy of the Swedish-tonnage *modus vivendi* is being cabled tonight to Sir C. Spring Rice.

PAGE

File No. 658.119/158

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, January 16, 1918, 8 p. m.

6274. Following for Sheldon from War Trade Board:

Our No. 17. Your 8242. We wish to impress upon you that the licensing for Sweden of commodities in quantities suggested pending final agreement is contrary to policy approved by British and continuously followed heretofore by this Board. Also that it will be considered by other northern neutrals as discriminating in Sweden's favor and will probably make all our negotiations more difficult. If after weighing these disadvantages Allied representatives feel the concession necessary we authorize you to make the arrangement.

LANSING

File No. 658.119/170

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, January 21, 1918, 6 p. m.

[Received 8.51 p. m.]

8336. War Trade Board [from Sheldon]:

No. 50. At the request of Foreign Office, I agreed to the following proposal for *modus vivendi* which was made to Swedish representatives. . . .¹

If this proposal accepted do you intend have one-half chartered for the United States and one-half to British excepting *Jemtland* and *Österland*? It occurs to me if you do, the British may ask that one-half the Dutch boats secured on *modus vivendi* be chartered to them and therefore it would be advisable to arrange. You should charter all Dutch boats in American ports and have the *Jemtland* and *Österland* return to you for a round trip and let the English arrange with French and Italians for the 100,000 tons Swedish ships which are to go in danger zone. Please give instructions quickly.

PAGE

¹ Terms similar to those in telegram No. 8242, *ante*, p. 1201.

File No. 658.119/180a

The Acting Secretary of State to the Ambassador in Great Britain
(Page)

[Telegram]

WASHINGTON, January 24, 1918, 6 p. m.

6345. For Sheldon [from War Trade Board]:

No. 35. Your No. 50. Terms of proposal to Sweden noted. If this proposal is accepted we desire to maintain the principle already agreed upon of equal division of neutral tonnage between United States and Great Britain. The *Österland* and *Jemtland* would be excepted from the operation of this principle as the disposition of these ships is specifically dealt with by proposals. We are, however, willing that the United States' share of tonnage be contributed to make up the 100,000 tons to be devoted temporarily to the needs of France and Italy and to save time now agree to leave in England's hands the allocation of our share of this tonnage to France and Italy—for not exceeding period of 60 days. Cable how it is divided, giving names of ships.

POLK

File No. 658.119/184

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, January 29, 1918, 8 p. m.

[Received January 30, 3.49 a. m.]

8430. War Trade Board [from Sheldon]:

No. 81. The following is the text of the *modus vivendi* signed today by Wallenberg, Count Wrangel, the Swedish Minister, Leverton Harris and myself.

1. The steamships *Jemtland* and *Österland* and their cargoes shall be allowed to proceed to Sweden without hindrance and shall be granted necessary bunker facilities at Gibraltar and if desired license will be given for an approved Swedish vessel to load coal at a British port to an approved firm of coal importers at Las Palmas for bunkering either of these vessels.

2. 25,000 tons of phosphate rock shall be permitted to be exported immediately from United States to Sweden.

3. Permission shall be given to export from United States to Sweden 10,000 tons of illuminating oil, exclusive of 5,500 tons to be exported from United States to Sweden in connection with the Christmas ships, and 5,000 tons of fuel oil.

4. All reasonable facilities for bunkering and visitation outside blockade zone will be given for the shipping to Sweden from Buenos Aires of (a) 15,000 tons of maize, (b) 3,000 tons of oil cake.

5. Permission shall be given for the export to Sweden of 25,000 bags of coffee from Great Britain in addition to 22,000 bags now in the course of being released.

6. All dried fruit now detained in Denmark and Norway and cocoa detained in Denmark shall be released for importation into Sweden.

7. Sanction shall be granted for the export from Switzerland to Sweden of 4,000 cubic meters of cork bricks acquired by Sweden for refrigerating purposes but no articles refrigerated with the aid thereof shall be exported from Sweden without the consent of the Allies.

8. The Swedish Government guarantee that neither the above-mentioned articles when imported nor any products thereof will be exported from Sweden and that no articles similar thereto will be exported from Sweden during three months from the arrival in Sweden of the articles imported under this arrangement.

9. It is understood that facilities for the importation and release of the above-mentioned steamers and goods will be granted without delay subject to clause 8 of the provisional Swedish tonnage arrangement as stated below.

10. Should the Swedish Government desire to utilize Swedish vessels now lying in North or South American ports which are subject to clause 3 of the provisional tonnage arrangement below to transport the commodities mentioned above, permission to do so will be granted provided an equivalent amount of Swedish tonnage now in Sweden shall be simultaneously dispatched from Sweden to United States ports. In the event of any such vessels having left Sweden failing to arrive, the vessel released from the United States in anticipation of her arrival will be required to return after discharging. Vessels arriving in United States ports under this arrangement shall be subject to the provisions of clause 3 of the provisional Swedish tonnage agreement below unless required for the transport of cargo to Sweden under this agreement, in which case permission will be granted for their return to Sweden on the terms stated in the first sentence of this clause.

11. The Swedish Government agree to the terms of the provisional Swedish tonnage arrangement attached hereto which shall form part of this agreement.

12. The steamships *Jemtland* and *Österland* after discharging in Sweden shall proceed to the United States to be chartered to the United States Shipping Board either on three months' time-charter or round voyages excluding Europe and the Atlantic islands.

PROVISIONAL SWEDISH TONNAGE ARRANGEMENT

Pending the termination of the present negotiations the Swedish Government will—

1. Permit all Swedish shipowners to charter their ships to the Commission for Relief in Belgium without imposing any conditions.

2. Grant licenses for all Swedish ships now idle in Allied European ports to be chartered for the period of three months for employment in the war zone. A list of these ships will be drawn up and agreed upon.

3. Grant licenses for all Swedish ships idle in American, North and South, ports for a period of four months for employment in Allied interests outside European waters subject to the reservation

contained in clause 10 above. A list of these ships will be drawn up and agreed upon.

[4. Permit all Swedish ships now engaged in trades of interest to the Allies to continue such trades. A list of these ships will be drawn up and agreed upon.] Besides ships on time charter to the Allies, this list will include vessels now trading to or from Allied ports and vessels at present trading between Sweden and Allied countries in Europe as well as vessels at present chartered to the Commission for Relief in Belgium.

5. As regards Swedish ships now lying idle in Swedish ports, the Swedish Government will grant licenses for such vessels to resume trading voyage by voyage pending the conclusion of a general agreement and will not obstruct direct negotiations between the Allies and Swedish shipowners for this purpose provided that (a) in each separate case the Swedish Government are satisfied that the vessel is not actually required for the service of Sweden, (b) in each separate case before a license is granted a formal assurance shall be given on behalf of the Allied Governments and the United States Government that every facility including a sufficient supply of bunker coals [to be] granted at a port outside the danger zone, etc., will be allowed to enable the vessel concerned to return to a Swedish port in ballast if desired on the completion of the voyage for which it has been chartered. No conditions whatsoever will be exacted in regard to the future employment or movements of such vessels. No cargo of any description will be loaded on such vessels without previous approval of the Allied Governments concerned.

6. The rates for Swedish vessels time-chartered for trading in the danger zone under this agreement are as follows: up to 500 tons, 58s. per ton dead weight per month; 1,000 to 2,300 tons, 49s. per ton dead weight per month; 2,300 to 4,000 tons, 46s. 6d. per ton dead weight per month; 4,000 to 6,000 tons, 43s. 6d. per ton dead weight per month; over 6,000 tons, 41s. 6d. per ton dead weight per month. Charters on the usual Inter-Allied Chartering Executive terms. Charterers will be responsible for war risk on the following values: steamers under 10 years old, £50 per ton dead weight; steamers 10 to 30 years old, £40 per ton dead weight; steamers over 30 years old, £35 per ton dead weight. Recognizing that there may be exchange difficulties during the period of the provisional arrangement, if an owner wishes to effect some further insurance the charterers will be prepared to insure for the three months such further amount at the rate of 4 per cent per month provided the amount so insured shall in no case exceed 25 per cent of the value of the ship as defined above.

7. Charterers shall have the liberty to place one or more representatives on board any ship chartered under this agreement for the purpose of safeguarding their interest and assisting the master in accordance with the directions of the competent authority.

8. The minimum quantity of Swedish tonnage to be chartered for Allied service in war zone under this provisional arrangement is 100,000 tons dead weight, of which 80,000 tons is to be delivered immediately, and 20,000 tons within six weeks from date of agreement. The charters for the whole 100,000 tons are to be signed before any of the proposed concessions are made to Sweden.

9. One-half of all the charters under this agreement will be effected with the United States Shipping Board and one-half with firms nominated by His Majesty's Government.

January 29, 1918.

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File No. 658.119/208

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, *February 13, 1918, 10 a. m.*

[*Received February 14, 5.30 a. m.*]

8638. War Trade Board [from Sheldon]:

No. 154. As a result of protracted negotiations with Swedish delegates, the following really represent what the British and French are in general prepared to grant in tons:

Bread cereals, until October 1.....	205,000
(Plus 50,000 oats.)	
Fodder, maize and oil cake for importation between signing agree- ment and August 1919.....	300,000
(Subject to prohibition of export of all cattle, meat and dairy produce forthwith for the duration of the agreement and a satisfactory limitation of the export of horses.)	
Cocoa and preparations.....	1,500
Coffee, from Europe so long as can be supplied.....	25,000
Tea.....	240
Spirits, only brandy and whiskey.....	1,500
Wines.....	2,000
Fresh fruit, exclusively of any imported from Holland.....	2,500
Dried fruit.....	5,000
Nuts and kernels.....	750
Spices, including 400 pepper and pimento.....	500
(Any excess up to a total of 800 taken from Holland.)	
Oils and fats—	
(Exports of oils and glycerin to be prohibited.)	
Linseed.....	20,000
(Or linseed oil, 6,000)	
Other technical oils.....	12,000
Other oil seeds.....	800
Edible oils and fats.....	10,000
Mineral oils—	
Lubricants (no export of any sort of lubricant).....	15,000
Petrol.....	10,000
Petroleum (subject to prohibition of export of carbide).....	90,000
Fuel oil.....	18,000
Soap.....	250
Camphor.....	10
Gums.....	125
(Plus 125 tons which they can take from Holland, and if not from Holland, the matter will be considered.)	
Raw rubber.....	500
Rubber tires.....	250
Other rubber manufactured goods.....	400
(Prohibition of export of scrap rubber except to Denmark for regeneration and return of a limited quantity to be agreed.)	
Paraffin wax.....	2,000
(Exclusive of 900 which has been let out of the prize court.)	
Other waxes.....	40
Coir yarn.....	100

Varnishes—	
Spirit varnish	10
Oil varnish	80
Other varnishes	360
Binder twine and sisal fiber according to the estimated harvests, say	2,000
Textiles—	
Cotton and cotton manufactures	18,000
Hemp, excluding sisal	3,000
Jute	5,000
Silk, other than raw or waste, including mixed silk tissues	250
Wool	5,000
Woolen manufactures	1,200
Corkwood	2,000
Fibers for brush making	500
Tanning materials, hides and leather:	
(Subject to prohibition of hides, leather or the [products] thereof, and tanning materials.)	
[Tanning materials]	8,000
(30% tanning content.)	
Hides and leather, etc., proportion to be arranged	7,200
Tobacco	4,500
Alloys, white metals	400
Antimony	50
Copper and copper alloys	7,000
(Subject to complete prohibition, except small quantities in machinery not exceeding 5% of the value of the manufactured article.)	
Ferro-alloys and steel-hardening agents:	
(Rations to include articles licensed by British Ministry of Munitions.)	
Ferro-manganese	4,000
Ferro-chrome	500
Ferro-tungsten	30
Ferro-vanadium	5
(Above four subject to complete prohibition, except to Allies, of all ferro-alloys and steel-hardening agents and steel containing same, except steel containing less than 1% manganese.)	
Lead	2,000
Tin	500
Asbestos and asbestos waste	400
(But no export of mica or the products thereof to enemy countries.)	
Borax and boracic acid	400
Citrate [<i>citric</i>] and tartaric acid	100
Saltpeter from overseas	25,000
(Plus 10,000 from Norway.)	
Raw phosphates	80,000
Graphite	400
(Plus graphite crucibles, 200; no products manufactured from imported crucibles [to be] exported to enemy countries.)	
Phosphorus—	
Pure phosphorus	100
Sesquisulphide	50
Sugar and syrup	8,000
Rosin	4,000
(But no export of rosin, including Swedish rosin, or turpentine oil or other derivatives thereof except to the Allies.)	
Aluminum	300
Nickel silver	75
Anodes	9
Nickel sulphate	112
Nickel	100
Canned fruit and other canned provisions	230
Starch and sago	250
Anti-fouling composition	300

Bamboos, rattans and canes.....	100
Grass seed, if from Russia or Holland.....	600
Clover seed, if from Russia or Holland.....	400
Antimony sulphide.....	50
Rice.....	12, 000

NOTE 1. The Allied Wheat Executive to give their services for the purchase of grain.

NOTE 2. In consideration of textile rations, export of pulp sulphate to enemy countries to be limited to 67,000 tons, which is the last three years' average; pulp [bisulphite] limited [to] 60,000 tons, which is the last three years' average; and pulp paper, spinning paper and paper yarn to be limited to 25,000 tons (in 1917 it was 59,000 tons); all other pulp derivatives prohibited to [enemy] countries.

NOTE 3. No pyrites to be exported.

NOTE 4. Rations will commence from January 1 last and shall include all articles imported under *modus vivendi* and Christmas gifts released for use in Sweden since that date.

NOTE 5. Any articles imported from Russia or Finland will count as half ration. The object of this is to induce the Swedes to seek production in these countries in competition with Germany and to reduce the tonnage required to lift the rations.

NOTE 6.¹ Iron ore. Sweden agrees to limit exports of iron ore to Germany to 3,000,000 tons, which is represented as being nearly 2,000,000 tons less than in 1917, the Allies to purchase 2,500,000 tons to be paid for either by loan or after the war or by cash deposited in Great Britain to remain here until some period after the war, the Allies also to have the option of purchasing further 500,000 tons on the same terms and conditions as 2,500,000 tons. Total export from Sweden to be limited to 5,500,000 tons if Allies do not exercise option or to 6,000,000 tons if they do. The export of low phosphorous ores to Germany to be reduced to 30/55 of the total export of these ores during 1917, which exports of low phosphorous ores, it is understood, amounted to about 1,400,000 tons. It is proposed that the iron ore should be purchased one [third] each by the British, French and the United States Governments, the purchases pooled and any subsequent sales to the Allies or otherwise to be for the [trio] account, and French and British are willing to advance their share of the total which is expected to be under £6,000,000. I am informed that the Ministry of Munitions are of the opinion that, owing to shortage of ore after the war, there is very little probability of the eventual loss being large on this transaction.

I will not go into the explanation or the reasons for all the various rations unless any particular ones seem unreasonable to you and I should like to have you cable me your views at the earliest possible moment. The terms of the tonnage agreement in connection with the general agreement were forwarded some time ago by post and should be obtained from the British Embassy immediately. It would seem that on the above terms it would be possible to conclude

¹ This note and the last paragraph were badly jumbled and have been rearranged to show proper relationship.

an agreement in the near future with Sweden, and the French and British are very desirous of making an agreement on these terms.

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File No. 658.119/211

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, February 15, 1918, 4 p. m.

[Received February 16, 12.31 a. m.]

8678. War Trade Board from Sheldon:

No. 165. Swedish delegates have received word from Swedish Government saying it considers itself not bound by *modus vivendi* owing to your new bunkering rules¹ of which neither the Swedish delegates here, nor any Allied representatives, had any intimation. The *modus vivendi* contained the only bunkering arrangements and control of boats that the Swedes are willing to accept, and the Allied position was considered adequately safeguarded by the terms of the *modus vivendi*. It is most urgent to have matter settled on account of desire of Swedes to get commodities released, especially phosphate rock in time to be of use for crops, and desire of Allies to use *modus vivendi* ships. Are you not willing make a declaration that your bunkering rules do not apply to *modus vivendi*? Understand British and French are cabling their Washington Embassy. The matter is urgent so please give this immediate attention.

PAGE

File No. 658.119/227

*The Minister in Sweden (Morris) to the Secretary of State*²

[Telegram]

STOCKHOLM, February 27, 1918, 5 p. m.

[Received February 28, 1.30 a. m.]

1583. In reference to previous telegrams concerning objections of Swedish shipowners to our bunker regulations I quote below memorandum sent me today by Swedish Foreign Office with the request that I transmit it to you.

Swedish owners willing to agree to American bunker regulations on following understanding:

That clause V(b) is to be interpreted to the effect that vessels in distress at sea must in any case always be assisted; that visitation port mentioned in clause (e) is to be outside danger zone; that clauses (f) and (l) are to apply only to vessels trading outside of Scandinavian waters; that owners must not be requested to dispense with services of master officers and crew under clause (k) unless acceptable

¹ *Ante*, p. 946.

² Paraphrased to the War Trade Board.

reason given for such request; that clauses (*m*) and (*n*) are to be considered as complied with as long as voyages and cargoes have been approved beforehand by War Trade Board or Inter-Allied Chartering Executive; that clause (*o*) not to apply to Swedish boats; that clause (*p*) is to be deleted; that reports under clause (*s*) may be handed to a representative in Scandinavia of the War Trade Board or Inter-Allied Chartering Executive.

MORRIS

File No. 658.119/208

The Acting Secretary of State to the Ambassador in Great Britain
(Page)

[Telegram]

WASHINGTON, March 2, 1918, 7 p. m.

6748. For Sheldon [from War Trade Board]:

No. 155. Your 154, February 13, 8638, 10 a. m., has been considered together with draft Swedish tonnage proposals of January 21¹ brought over by Captain Fisher, and the following are our suggestions and comments.

1. Tonnage proposals state duration of charters as follows:² "for a period of not less than six months and at the end of the first three months and at the end of each subsequent period of three months will be renewed for a further three months if the agreement is still in force." We presume agreement referred to is the agreement for rationing Sweden but if this is so it should be more definitely stated.

2. We feel that you should know, if you are not already informed, that the tonnage remaining to Sweden after chartering 500,000 tons will not lift the ration you propose which is much larger than Sweden needs. In case Sweden asks a reduction of the tonnage to be chartered on the ground that the tonnage reserved for them will not be sufficient to lift their ration the following reductions in their commodities are proper: 100,000 tons bread grains will last them until October 1. They should not secure any oats, fodder, maize or oil cake before October 1. They can not obtain 20,000 tons linseed from United States and should not obtain it at all, and all other technical oils should be reduced to 6,000 tons. Edible oils and fats should be reduced to 5,000 tons. Cotton should be reduced to 15,000 tons. No saltpeter should be secured for use before October 1. Raw phosphate should be reduced to 50,000 tons from United States and Tunis. They should have no sugar. Their rice should be reduced to 5,000 tons and their coffee to 20,000 tons. The foregoing together with the quantities of the other commodities as stated by you are what we are willing to concede as her needs.

¹ Not printed; the correspondence indicates the differences between it and the final arrangement, *post*, p. 1253.

² Cf. clause 14 of the final arrangement, *post*, p. 1258.

3. Inasmuch as tonnage proposals depend for duration of charter upon the continuance of rationing agreement we should know definitely what is the intended period of this agreement and it should not be less than a year as it is very necessary that we obtain tonnage for as long a period as possible.

4. Notwithstanding foregoing comments and suggestions, in case you conclude to close on tonnage proposal as drawn and upon rationing as outlined your cable, you have our authority to proceed.

POLK

File No. 658.119/227

The Acting Secretary of State to the Minister in Sweden (Morris)

[Telegram]

WASHINGTON, March 6, 1918, 6 p. m.

581. [From War Trade Board:]

Your 1583, February 27, 5 p. m. We agree to Swedish interpretation of V(b), provided it is not intended to include the furnishing of fuel or supplies to submarines or war vessels. We agree to Swedish interpretation of clauses (e), (f) and (l). We agree to Swedish interpretation of clause (k), provided pro-enemy act of master, officers, or crew be deemed by Sweden acceptable reason for request. We agree that clauses (m) and (n) complied with if voyage approved beforehand by War Trade Board or Inter-Allied Chartering Executive. We agree clause (o) not to apply to Swedish boats sold to Swedish concerns but deem it necessary that it should apply to Swedish boats proposed to be sold to American concerns in order to provide against such American concerns having enemy affiliations, and we of course think (o) should stand as against any sale of Swedish ships to the enemy. We agree that clause (p) be deleted. We agree that reports under clause (s) may be handed to representative of War Trade Board or Inter-Allied Chartering Executive or American consul in Scandinavia. In such cases owners should state that reports are to be forwarded to Bureau of Transportation, War Trade Board, Washington. The above exceptions are to apply until May 1, 1918, and to new agreement when made.

POLK

File No. 658.119/260

The Minister in Sweden (Morris) to the Secretary of State¹

[Telegram]

STOCKHOLM, March 15, 1918, 5 p. m.

[Received March 16, 4.30 a. m.]

1682. In a confidential conversation Branting has stated that in spite of German pressure, Swedish Government is still disposed to

¹ Paraphrased to the War Trade Board Mar. 16.

make an agreement with the Entente, but desires certain concessions to appease the opposition which is manifesting itself in the technical commissions. The adversaries of the agreement claim that foodstuffs will soon be obtainable from the Ukraine and that the Allies in exchange for Swedish tonnage have only given Sweden an abstract right to make importations and have not assured her of the possibility of being able to procure the articles which under the agreement she is allowed to import. From what he said I gather that the Swedish Government would desire us to guarantee the possibility of their buying and transporting about 100,000 tons of cereals and 50,000 to 75,000 tons of fodder. While such is, I imagine, our intention, nevertheless, to make it perfectly clear an extra clause might be annexed to the agreement.

As I have previously reported, I think this a most favorable moment to bring about a change of public opinion in our favor and I feel that no reasonable opportunity to do so should be neglected.

MORRIS

File No. 658.119/260

The Secretary of State to the Minister in Sweden (Morris)

[Telegram]

WASHINGTON, March 23, 1918, 6 p. m.

631. From War Trade Board:

Your 1682, March 15, 5 p. m. Wheat Executive have guaranteed Swedish Minister Sweden may purchase, if agreement concluded, from Argentine 100,000 tons wheat, 50,000 tons oats, 100,000 tons maize; from Australia 100,000 tons wheat, 80,000 tons wheat flour.

LANSING

File No. 658.119/284

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, March 27, 1918, 3 p. m.

[Received March 28, 4.08 a. m.]

1773. In an interview with the Foreign Minister when introducing Owen, representative of War Trade Board, the former stated he much feared if permanent agreement were signed in its present form, Swedish vessels would be sunk or seized without consideration in Skagerrack and Kattegat. He has reports of unusual activity in those waters of enemy torpedo craft which he believes is demonstration against *modus vivendi*. He has reliable advices that Germany has two years' supply of Swedish low phosphorus ores, but on the question of prestige, Germany will not accept the restricted shipments as proposed in agreement. He stated he had been repeatedly advised by German Minister to Sweden that the entire question would be amicably settled through diplomatic channels, but that

pressure from German military and naval authorities constantly obstructed such plans. Swedish delegates are now in Germany endeavoring to arrange matters. He asked that correspondence be regarded as strictly confidential.

MORRIS

File No. 658.119/286

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, March 28, 1918, 7 p. m.

[Received March 29, 6.32 a. m.]

1787. British, French and Italian Ministers are sending following telegram to their Governments:

The Allied Ministers, being of the opinion that the Swedish Government will not sign the draft agreement without the consent of Germany, which consent will not be given, consider it in the interest of the Allied Governments, particularly having regard to military operations now in progress, to adopt the following course of action:

(1) To inform the Swedish Government that if the agreement is not signed within, at the most, one week from the delivery of the Allied demand the Swedish tonnage will be requisitioned.

(2) The day preceding the requisitioning a complete *résumé* of the draft agreement should be published in Allied capitals and telegraphed to Sweden in order to inform public of the terms offered by us and refused by the Swedish Government. Should the Swedish Government publish the Allies' demand prior to its expiration, the *résumé* of the agreement should immediately be published here; the *résumé* should therefore be telegraphed here in advance.

(3) When a communication announcing the requisitioning is made to the press, the Allied Governments should at the same time state that they are still prepared to negotiate with the Swedish Government for the importation into Sweden of cereals, fodder, and other merchandise.

The Allied Ministers presume that in such future negotiations no compensation would be offered for tonnage.

In regard to the position of the Ministry now in power in Sweden it would seem that *vis à vis* the Conservatives its position would not be damaged by such action of the Allies, as it would not have voluntarily parted with the tonnage but would merely have submitted to a requisition.

For the same reasons Sweden may avoid the fulfillment of the German threat to sink Swedish vessels because of the conclusion of an agreement with the Allies.

Finally, the possibility of nevertheless receiving foodstuffs, though upon new conditions, should prevent any excessive outburst of public indignation in Sweden.

I do not wish to subscribe to the above telegram as I have doubts as to what may be the results in Sweden of the action recommended.

I do, however, feel that there is little probability of the agreement being signed within the next few weeks and therefore send my colleagues' telegram for the Department's information. Copy sent to Sheldon in London.

MORRIS

File No. 658.119/289

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, April 1, 1918, 6 p. m.

[Received April 1, 2.50 p. m.]

9298. War Trade Board [from Sheldon]:

No. 361. Your 155, February 13 [March 2].

Paragraph 1. If negotiations materialize, it is proposed that no doubt shall be left about the meaning of the word "agreement" in clause 14 of tonnage proposal.

Paragraph 2. The amounts of rations suggested were realized to be somewhat in excess of requirements, but during the negotiations it was thought best to make them attractive in the hope of securing advantages that could not be otherwise obtained.

Paragraph 3. Under clause 18 of the heads of agreement.¹ The agreement will remain in force for at least eight months and by clause 14 of the tonnage agreement, the extension of the charters, which will take place at the end of the sixth month, will extend to the end of the twelfth month.

Captain Fisher has raised, in telegrams to the Foreign Office, the question whether it was the intention of the United States Government to sign the Swedish agreement, should it be concluded. Owing to present conditions, the need for decision on this point hardly appears immediate, but I should like to get your ideas on this subject as the Foreign Office had in mind to have a formal agreement between the Governments of Sweden and Great Britain. Would your idea be that the United States Government should be a party to that agreement or that the War Trade Board should associate itself with the [Allied] Governments in the agreement?

PAGE

File No. 658.119/286

The Secretary of State to the Minister in Sweden (Morris)

[Telegram]

WASHINGTON, April 3, 1918, 8 p. m.

673. Your No. 1787, March 28, 7 p. m. We are of the opinion that it would be most unwise to consider requisitioning of Swedish ships,

¹ Draft of general agreement, completed at London Feb. 18, not printed; cf. article 19 (ii) of the final text, *post*, p. 1249.

particularly at the present time when feeling in Scandinavia has doubtless been aroused over our putting Dutch ships into service. Your action in refraining from joining in Allied ministers' recommendation is approved. Aside from considerations of policy which in themselves would be sufficient to preclude requisitioning, the Swedish situation is clearly distinguishable from that of Holland where the futility of attempting to secure use of ships by agreement had been conclusively demonstrated by the inability of Holland to carry out temporary shipping agreement which she had herself proposed. This showed a liability to coercion by Germany which would have made any shipping agreement with Holland valueless. In case of Sweden the *modus vivendi* is being carried out, though slowly, and despite German threats Swedish ships are being placed under charter to United States for war zone service. We have as yet no reason to doubt that when Swedish vessel sails from here corresponding vessel will sail from Sweden according to *modus vivendi*. We are therefore strongly of the opinion that requisition should not now be considered.

We propose to allow a certain amount of unofficial publicity to our rationing proposals to Sweden in hope that this will stimulate conclusion of agreement.

LANSING

File No. 658.119/300

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, April 6, 1918, 6 p. m.

[Received 11.57 p. m.]

1855. Your 673. British Minister has received instructions from his Government to drop matter, as they did not wish to consider requisitioning.

MORRIS

File No. 658.119/241

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, April 8, 1918, 8 p. m.

7182. For Sheldon [from War Trade Board]:

No. 308. Your No. 264, Embassy No. 8940, March 7, 7 p. m.¹ We have been in conference with British and French Embassies relative to purchase of one-third of Swedish iron ore proposed to be obtained

¹ Not printed.

by Allies under pending agreement. This Government has now reached the decision which has been communicated to these Embassies and is substantially as follows:

We have serious doubt as to the advisability of Associated Governments purchasing the 2,450,000 tons of iron ore, since depriving Germany of this amount apparently would not affect her for several years in view of the surplus which she has undoubtedly acquired and in view of the fact that her ability to accumulate this surplus indicates that her current rate of consumption has not much exceeded the amount which she will continue to get under the proposed agreement. Thus any benefit to be derived by us depends, first, on the prolongation of the war for several years, secondly, on our ability to renew iron-ore division on same or more favorable terms during these years. We greatly doubt ability to renew agreement covering this ore at a time when it would operate to inconvenience seriously Germany's operations. Holding as we do this view on the general proposition, and since the United States would itself be unable to utilize more than a small portion, if any, of the proposed purchase, the United States is not willing itself to purchase one-third of the proposed allotment. We are, however, prepared to finance Great Britain and France to the extent of one-third of the entire purchase price, in the event that Great Britain and France should feel this purchase to be desirable.

Since expressing the foregoing decision we have received a cable from Morris stating that the Swedish Minister of Foreign Affairs had informed him in the strictest confidence that Germany had strongly protested against the restriction of her supply of Swedish iron ore. The Minister stated that he believed Germany had a two years' supply of low phosphorus ore on hand but refused to accept the restriction as a matter of prestige.

In view of this information and of our opinion as to the little practical importance of the restrictive clause in the pending agreement, we desire to suggest for the serious consideration of yourself and the Foreign Office, the advisability of giving Sweden to understand that if she represented to us that her two principal assets for bargaining purposes were (1) ships and (2) iron ore and that she must reserve iron ore wherewith to bargain with the Central Powers, then we would acquiesce in the elimination of the restrictive clause in the present agreement, provided this agreement were then promptly ratified. We suggest you obtain Morris's views on the foregoing suggestion.

LANSING

File No. 658.119/312

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, April 10, 1918, 7 p. m.

[Received April 10, 6.54 p. m.]

9439. War Trade Board [from Sheldon]:

No. 404. Swedish *modus vivendi*.

1. The *Mongolia* is the only vessel not yet chartered of the list of 100,000 tons, and she is *en route* to Goring.

2. The British Government have released the *Österland* and the *Jemtland* from Gibraltar.

3. Foreign Office state that they are now prepared, if you agree, to release the remaining *modus vivendi* cargoes for Sweden as soon as the vessels proceeding to the United States under clause 10 have sailed from Scandinavia. Six of these are reported to have left Sweden, of which three appear to have stopped at Bergen. We are arranging to ascertain when these vessels are expected to leave Bergen and when remainder will start from Sweden.

4. Foreign Office state they have no objection to vessels carrying the 10,000 tons of phosphate rock sailing to Sweden as promised but consider that further *modus vivendi* cargoes should not proceed until further vessels have left Scandinavia.

5. Steamship *San Francisco* with maize under *modus vivendi* has been permitted to proceed to Kingston or Halifax on an undertaking not to proceed until *Kronprinsessan Margareta* has left Scandinavia. Captain Lundgram has asked for assurance as to supplies of Diesel oil at St. Thomas and British informed me matter concerned United States authorities.

6. Similar permission granted steamship *Alida* with *modus vivendi* maize with same proviso as foregoing.

7. Foreign Office state they assume 50 per cent division will apply to vessels chartered by United States under clause 3, as was done with those chartered under clause 2.

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File No. 658.119/313

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, April 11, 1918, 1 p. m.

[Received 1.18 p. m.]

9447. War Trade Board [from Sheldon]:

No. 408. With a view of obtaining [*obviating*] delay in the arrival of grain in Sweden, should a definite agreement be concluded, the Swedes propose to send from fifty to one hundred thousand tons

of shipping to Buenos Aires as soon as possible to load wheat, and they are asking for guarantees covering these boats in consultation with the Foreign Office. It is suggested that this be approved on the following conditions:

Swedish vessels shall proceed to a United States port in ballast and load coal to approved firms in the Plate, this coal being put on board with as little delay as possible. They shall, after discharging in the Plate, load wheat for Sweden and call at Halifax, but if an agreement is not reached they shall come to a United States port and if, by a fixed date, say 15th July, an agreement is not reached, the cargoes shall be sold to the United States at cost price plus freight. The vessels to be then allowed to return empty to Sweden. All facilities to be given for this purpose.

Please cable whether you approve, or make suggestions as early as possible. It is understood of course that the wheat should be purchased through the Wheat Executive.

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File No. 658.119/315

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, April 12, 1918, 11 p. m.

[Received (April 13), 4.32 p. m.]

9475. War Trade Board [from Sheldon]:

No. 416. My No. 408. Swedes very anxious to change programme mentioned by having the boats leave Sweden in ballast direct for Plate; other conditions remain the same. Foreign Office thinks it very desirable to grant this concession for political reasons; do you agree? Please cable reply, urgent. The main inducement for Sweden to come to a definite agreement with us is owing to the great shortage of cereals, the lack of which is becoming more apparent in Sweden daily, and any arrangements like the foregoing, which will show the Swedes that there is a chance of getting grain quickly should an agreement be signed, I think, are extremely advisable to make, outside the added advantage there is of getting ships outside Swedish waters.

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File No. 658.119/316

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, April 13, 1918, 11 p. m.

[Received April 13, 9.45 p. m.]

9509. War Trade Board [from Sheldon]:

No. 427. The Swedish Minister showed me this morning a telegram he had received from America stating that no further Swedish ships

would be released with *modus vivendi* cargoes until replacing steamers sent out were chartered to the United States Shipping Board for four months, according to *modus vivendi*. I would point out that clauses 10 of the *modus vivendi* and 3 of the provisional Swedish tonnage arrangement are those that determine this question.¹ The latter clause does not contain a guarantee from the Swedish Government for time-chartering of replacing steamers but only an undertaking to grant licenses if such licenses be applied for. British Foreign Office takes this view also. Swedish Minister further informed me that he had received a communication from his Government stating that it was reported that licenses for oil under the *modus vivendi* [have] been withheld unless 75 per cent was to be distributed by the agencies of American companies. I informed him that I had heard nothing of any such arrangement and would telegraph concerning it. Please cable me on the foregoing two points immediately. The Swedish Minister informed me that such misunderstandings were very regrettable as they cause considerable apprehension in Sweden and furnish opportunities for attacks by pro-Germans against Sweden coming to any arrangements with the Associated Governments. It is very desirable, under present circumstances, that conventions which have been entered into should be carried out with the least friction possible.

Referring my 364, April 2.² We have now received from Swedish delegate lists mentioned in clauses 2 and 3 of provisional tonnage arrangement of Swedish *modus vivendi*. British Foreign Office say that the Swedish Government "appear therefore justified in claiming that all idle vessels in American ports are required to load for Sweden but not in claiming also the replacing vessels sent out from Sweden under clause 10. The lists still require revision and some of the replacing vessels will probably be required to load for Sweden but these must in turn be replaced by further vessels from Sweden."

PAGE

File No. 658.119/312

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, April 16, 1918, 3 p. m.

7301. For Sheldon [from War Trade Board]:

347. Embassy's 9439, April 10, 7 p. m., your 404. Swedish *modus vivendi*. Glad to learn list of 100,000 tons is practically complete allowing the licensing of additional rations for Sweden.

¹ *Ante*, p. 1205.

² Not printed.

3.¹ Please give us names of the three ships which sailed from Sweden and stopped at Bergen.

4. We are considering matter of phosphate rock and will let the 10,000 tons clear if satisfactory assurances are given of chartering similar amount of tonnage for the period of four months as agreed.

6. When will steamship *Alida* sail from other side? This in order to arrange about fuel oil for her.

7. Your understanding is correct. Fifty per cent division will apply to vessels chartered by United States and England under clause 3, same as clause 2. It should be borne in mind that England owes us large amount of tonnage still under Norwegian 50-50 agreement and that this will be subject of discussion between Fisher and Munson Monday. Result of this will be cabled to you.

LANSING

File No. 658.119/315

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, April 16, 1918, 6 p. m.

7313. For Sheldon [from War Trade Board]:

No. 355. Your No. 416, Embassy No. 9475, April 12, 11 p. m. We have been forcing vessels proceeding to the Plate to load coal for the railways and other purposes so that there has accumulated large tonnage of general cargo, which tends to congest railways and shipping terminals. We are being urged by Argentina to pursue a more liberal policy in exports to Argentina. Swedish vessels proceeding direct would make small saving in time; but would require bunkers from stations where Allied tonnage has been used for coal transportation instead of from American ports. We seriously object to Swedish vessels proceeding in ballast, which results in an economic, as well as tonnage waste. We nevertheless leave the matter in your hands for final determination.

LANSING

File No. 658.119/316

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, April 16, 1918, 8 p. m.

7330. For Sheldon [from War Trade Board]:

No. 353. Your No. 427, Embassy No. 9509, April 13, 11 p. m. After consideration by counsel, we are prepared to accept the inter-

¹ This and following numbers refer to corresponding paragraph numbers in telegram of Apr. 10.

pretation placed upon the *modus vivendi* by Swedish Government and British Foreign Office, to the effect that the Swedish Government did not obligate itself to charter to the United States Shipping Board for four months the replacing steamers to be sent from Sweden under clause 10 of the *modus vivendi* and clause 3 of the provisional tonnage arrangement. We are accordingly withdrawing our demand that such chartering should occur as condition to releasing the *modus vivendi* cargoes from this side.

We feel, however, the *modus vivendi* clearly contemplated that a substantial amount of shipping would be chartered to us by the owners under above-mentioned clauses and we shall continue to urge upon the owners that they enter into such charters and we shall count upon the friendly assistance of Swedish Government in this matter.

In respect to distribution of oil Swedish Legation has proposed plan whereby approximately 75 per cent of *modus vivendi* and Christmas agreement oil will be distributed through Standard Oil firms in Sweden, the balance to go to British-controlled companies. This we understand to be substantially the same arrangement as has been in force since the war and will be accepted by us in so far as relates to these particular shipments of oil.

You may inform the Swedish Minister of our attitude as above expressed. Morris will be advised.

LANSING

Swedish Counterproposals for the General Agreement; Discussion of the Terms—Assent of the United States to Participation in the Purchase of Iron Ore—The Cases of the Swedish Ships "Kronprins Gustaf Adolf" and "Pacific"

File No. 658.119/331

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, April 24, 1918, 3 p. m.

[Received 9.05 p. m.]

1934. The Swedish commission which went to Germany, see my 1824, April 3, 4 p. m.,¹ has now reported fully to the Swedish Government here, and as a result of these conferences, the Swedish Government has sent to its representatives in London a final proposal. In an interview today with the Swedish Minister for Foreign Affairs concerning London negotiations, I obtained the following information:

¹ Not printed; but see the Minister's telegram No. 1773 of Mar. 27, *ante*, p. 1213.

1. That Sweden's export to Germany [is] 3,500,000 tons iron ore of which 750,000 tons of low phosphorus iron ore.

2. That existing contracts with Germany could not be broken and cover shipments of specific quantities of wood pulp, cellulose, pyrites, ferro alloys and ferro silicon, in exchange for coal, furnace coke, sugar beet seeds and other articles of essential value; that if the possibility to export is hindered, the basis on which Sweden began negotiations, namely, to be permitted to have commercial relations with Germany, is destroyed according to Swedish point of view.

3. On other points, agreement may be reached without great difficulty.

The Foreign Minister stated that maximum shipments of 3,500,000 tons of iron ore, of which 750,000 tons to be low phosphorus ores, is the most that would be offered to Germany. He still fears indiscriminate sinking of Swedish boats if other restrictions are accepted. He stated that 400,000 tons of shipping was all that the shipowners would offer, 200,000 tons of which to be used for war-zone purposes.

The Swedish Minister of Marine stated in a private conversation that in Swedish Government's opinion, the situation is grave and that if agreement is not concluded, the Government will probably resign giving the lead to Conservatives who are working on treaty with Germany augmenting exportation of iron ore to 6,000,000 tons; that all Socialists, even Branting and Adelsward, agree with the standpoint of the Government on the London negotiations.

MORRIS

File No. 658.119/241

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, April 25, 1918, 8 p. m.

7442. For Sheldon [from War Trade Board]:

No. 398. Supplementing our 308, Department 7182, April 8, 8 p. m. British Embassy recently pointed out to us that our offer to finance Great Britain and France to extent of one-third of cost of purchase of Swedish iron ore would throw on England and France alone the burden of such loss as might ultimately result through necessity of disposing of ore at a price below that fixed in pending contract. We therefore assured the British Embassy orally of willingness of Government of the United States to bear also one-third of such ultimate loss. The foregoing is for your information.

LANSING

File No. 658.119/338

The Swedish Minister (Ekengren) to the Secretary of State

WASHINGTON, April 30, 1918.

[Received May 1.]

EXCELLENCY: In a note addressed to Your Excellency and dated the 24th of November last year,¹ I had the honor to draw Your Excellency's attention to the fact that the Swedish motorships *Kron-prins Gustaf Adolf* and *Pacific* were refused [permission] to leave the United States without export license for certain amounts of bunker oil, which the vessels already had on board when arriving to this country, and referring to the Swedish-American treaty of 1783, article 17, according to which Swedish property is exempted from every kind of embargo or detention in the United States, and also to the treaty of 1827, article 12, according to which goods on board of a Swedish vessel in an American port, not unloaded there, does not come under the American customs regulations but is free to be carried further to any other country, I permitted myself respectfully and in consequence of instructions received from my Government, to ask for Your Excellency's kind intervention in order that the said ships be allowed to proceed on their journey without further hindrance from the part of the United States authorities.

In that connection I also permitted myself to refer to the declaration of policy published by the Exports Administrative Board in *The Official Bulletin* of October 5 last year, which seems to clearly indicate that the regulations regarding coal for neutral vessels in American ports have no bearing on cases of the kind cited when no coal or other fuel is required from the United States.

In reply to the above note the then Acting Secretary of State under the date of January 24² of the current year declared that after careful consideration the conclusion was arrived at that the two articles of the treaties mentioned have no application to the delay caused to the two Swedish vessels in question and requested that the two vessels, as well as others in like cases, comply with the regulations of the United States Government for the control of commodities exported from or taken out of the jurisdiction of the United States.

In view of this answer, which tends to show that the State Department's view on the subject is quite opposite to the one maintained by my Government, I permitted myself, under the date of January 30² last,² to respectfully ask for an indication as to what interpretation the Department of State give to the articles cited by me in

¹ Not printed.

² Note not printed.

the case. As I have, as yet, not been favored by a reply from Your Excellency in this respect, and as my Government would be highly obliged for being informed with regard to the opinion which the United States Government may hold in the matter, I venture herewith to ask Your Excellency to kindly let me know whether it would not be agreeable to the United States Government to kindly give the reasons for the apparent difference in the interpretation of the above treaty stipulations, which is manifested in the State Department's above-mentioned note of the 24th of January last.

As a considerable time has elapsed since I first had the honor to submit this matter for Your Excellency's kind consideration, I venture to express the hope that it may be convenient to give me an answer within the near future.¹

With renewed assurances [etc.]

W. A. F. EKENGREN

File No. 658.119/289

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, May 3, 1918, 5 p. m.

7564. For Sheldon [from War Trade Board]:

No. 409. Your 361, Embassy's 9298, April 1, 6 p. m. Certain technical considerations involving formalities in the execution and confirmation of agreements of the scope of the proposed arrangement with Sweden make it impracticable for the Government of the United States to become a formal signatory party thereto. The State Department is prepared, however, to assure the Swedish Government that licenses will be issued as contemplated by the agreement.

LANSING

File No. 658.119/355

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, May 10, 1918, 7 p. m.

[Received May 11, 3.40 a. m.]

9987. War Trade Board [from Sheldon]:

No. 552. Referring my 535, Embassy's 9941, May 8, 6 p. m.² Upon resumption of Swedish negotiations Mr. Wallenberg and Mr. Carlsson, the Swedish delegates, proposed the following modification in the [draft] agreement of February 18, 1918.² Tonnage to be reduced to 400,000 tons,³ of which 200,000 tons would be for the danger zone and 200,000 tons for use outside. The adequacy of

¹ Answered by note of June 26, *post*, p. 1278.

² Not printed.

³ It had been set at 500,000.

charter rates outside of war zone is also questioned and introduced subject to further discussion. The Swedish delegates stated that licenses might be given for charter to the Allies of additional vessels which later may be found not actually required for lifting rations, and that a clause in the agreement to this effect might be arranged. In clause 2(A)¹ they desire [added] export to Central Powers up to 6,000 tons of carbide. In clause 2(B)¹ they desire to add 40 tons of lead, 30 tons of tin and 100 tons of zinc for manufacture in Germany and now also to substitute 50 for 30 tons copper and 150 tons for 37½ tons rubber waste.² In clause 1³ they desire to export to Germany 75 tons per annum molybdenum ore and to increase exportation of ferro silicon to Germany to 7,000 tons with permission to export 2,000 tons additional elsewhere. In clause 7¹ Sweden desires to commence rations on June 1 including in the first quarter all imports from April 1.

In clause 10⁴ exportations of iron ore to Central Powers to be increased from 3,000,000 tons to 3,500,000 tons per annum of which 750,000 tons to contain less than 0.1 per cent phosphorus. We are endeavoring to have Sweden agree that of said 750,000 tons 350,000 tons only shall contain phosphorus .02 or under.

In clause 2⁵ they desire sulphite pulp increased to 89,000 tons, sulphate pulp to 88,000 tons, and paper and products to 59,000 tons.

The Allied representatives desire to adhere to terms of the original agreement with reference to molybdenum and waste rubber unless additional rubber waste is sent to England for reclaiming.

Modification with reference to pulp and paper might be agreed to provided that textile rations were contingent upon the pulp and paper figures in the original agreement not being exceeded. Exportation of carbide might be conceded.

The above covers principal points so far developed.

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File No. 658.119/360

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, May 10 [11], 1918, 5 p. m.

[Received May 11, 7.17 p. m.]

10002. War Trade Board [from Sheldon]:

No. 561. Referring my 440, Embassy's 9558, April 18, 10 a. m., and especially my 544, May 9.⁶ Carlsson informs me that the steam-

¹ Cf. the same articles of the final text, *post*, p. 1240.

² Cf. art. 2(C) of the final text.

³ Cf. art. 3 of the final text.

⁴ Cf. art. 12 of the final text.

⁵ Cf. art. 13 of the final text.

⁶ Neither printed.

ships *Stockholm*, *Axel Johnson*, *Prinsessan Ingeborg* and *Pedro Christophersen* are ready to leave Sweden for loading cereals in the Plate. Owners would like to have option on the outward voyage (a) to go direct from Sweden to the Plate or (b) call at Hampton Roads for bunkers, in which case they would take coal or general cargoes depending on speed with which loading could be accomplished, to approved consignees at the Plate. On the return trip they would call at United States port and wait for signing of general agreement, failing which the grain should be sold at cost to the United States Government if the agreement be not signed by July 15 and thereupon bunkers be furnished to the boats and they be allowed to return forthwith to Sweden provided that they were not playing the rôle of replacing boats for Swedish boats which had been in the United States and allowed in exchange to return to Sweden. While I feel I have in general your authority to agree to this, please cable your approval immediately.

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File No. 658.119/357

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, May 11, 1918, 5 p. m.

[Received 9.16 p. m.]

10003. War Trade Board [from Sheldon]:

No. 560. Wallenberg told me this morning that he thought the Swedish agreement could be concluded next week. Referring to your 409, Department's 7574 [7564], May 3. If the British, French, and Italian Governments approve of the terms of the Swedish agreement and are willing to sign it, it is suggested that you authorize me to sign as representative of the War Trade Board a memorandum to the Royal Swedish Government on the following lines:

Referring to the agreement signed this day between the British, French, and Italian Governments on the one hand and the Royal Swedish Government on the other hand, the United States War Trade Board, an administrative agency empowered by Executive order of the President to license exports from the United States, whose powers are administrative and pertain wholly to the United States domestic and internal affairs, agrees to grant licenses during the currency of the above-mentioned agreement for the articles enumerated in the ration list of this agreement in so far as the same (1) are not required for consumption in the United States and in so far as the exportation thereof will not so reduce available supplies as to prevent the rationing of the nations associated with the United States in the war and (2) will not directly or indirectly be exported to any country or ally with which the United States is at war so long as the terms and conditions of the above-mentioned agreement shall be observed by the Royal Swedish Government.

Please cable whether you approve or what modifications or suggestions you desire.

PAGE

File No. 658.119/357

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, May 17, 1918, 4 p. m.

7775. For Sheldon [from War Trade Board]:

No. 494. Referring further Embassy's 9991, May 11, 11 a. m.,¹ and 10003, May 11, 5 p. m., your 550 and 560. We are glad to learn Swedish negotiations will probably come to a head this week. Before approving of them please cable us what changes in shipping agreement have been made aside from the 400,000 tons of ships to be chartered on which we already have your cable.

We refer to the Swedish tonnage agreement which Fisher brought with him, draft proposed, dated January 21.² What would be the basis of time-charter rates for Swedish tonnage employed outside war zone and what would be basis of insurance valuations? Has any reduction been made in clause 4 providing for 250,000 tons to be allowed to Sweden for her own trade between Sweden and United States, Great Britain and South America? We believe that it is very important to cut the amount of regular line tonnage allowed so as to leave that much more free for important trade.

We feel that clause 9 should be changed so as to provide that only full cargoes considered essential to the Argentine by Joint Body in London not to exceed about 25 per cent of the steamers to be allowed to proceed from Sweden to South America direct. The balance of Swedish liners, say 75 to 80 per cent, to come to the United States, loading cargoes here for South America such as may be designated by the United States. This is essential due to the shortage of tonnage for South America and to the fact that Sweden has not enough essential cargo to fill all tonnage going from Sweden to South America. Unless this clause is agreed to it would not justify free bunkering privileges.

It should be also specified that all goods shipped on the Swedish steamers direct to South America should be strictly of Swedish origin and also that lumber is not considered an essential.

United States and England have already cut exports on account of the shortage of tonnage and are only allowing essential commodities. The cable on rationing will follow. We are not in accord with proposed changes.

LANSING

¹Not printed.²See footnote 1, *ante*, p. 1211.

File No. 658.119/360

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, May 17, 1918, 6 p. m.

7783. For Sheldon [from War Trade Board]:

No. 503. Embassy's 10002, May 10 [11], 5 p. m. Your 561. Referring to four mentioned Swedish steamers we feel that all four of these boats should call at a United States port on the way to South America to carry either coal or general cargo at our option, then the balance of the program suggested by you would be approved. For your information there is a great shortage of tonnage from here to South America just now and we feel this is an important condition that they should agree to. This shortage is caused by removal of South American liners by Allied Governments for use in transatlantic service.

LANSING

File No. 658.119/378c

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, May 17, 1918, 6 p. m.

7784. For Sheldon [from War Trade Board]:

No. 505. Swedish agreement.

At the conference held in London on the 6th of November between the representatives of the War Trade Board and the French and British blockade committees it was agreed as an act of policy with respect to cereals for human and animal consumption that Sweden under normal conditions was a self-supporting country in war time; that in consideration of crop failure she should be permitted to import cereals to supplement home supplies up to an agreed ration, the milling of the grain to be controlled and the sustenance of the live stock determined by the need for meat and dairy products. There has been no change in this status. According to this agreement Sweden should receive from now until the new crop only enough cereals to carry her through upon the agreed basis; and the entire problem of her importations after the 1st of September should depend upon her new crop. The decision upon her new crop should rest also upon conditions in the Ukraine and in Denmark. Sweden is now a competitor of Germany in Denmark and will be a competitor of Germany in Russia. Following our agreement in London in November, the action of the Wheat Executive in making an offer of grain to Sweden in the event of an agreement, or even in discussing the question, was entirely outside of the province of the Wheat Executive. Sweden does not need 100,000 tons of cereals for man and beast from now until her new crop. On the basis of

the allocations to Holland she ought not to receive over 50,000 tons. These must come entirely from North and South America and not at all from Australia.

Linseed cannot be secured from North America and ought not to be secured from South America in excess of the ration provided—3,000 tons in terms of oil. Rice cannot be secured until after October 1918. Proposed increases in ration of tin, lead, zinc and copper imports and proposed increased exports to Germany of carbide, ferro-silicon and pulp should only be permitted in consideration of our receiving the full 500,000 tons of Swedish shipping. Molybdenum should not be permitted to be exported to Germany at all. The proposed increases would serve largely to nullify the restriction accomplished by the agreement with Norway and we particularly oppose the proposed increased exportation to Germany.

Referring to your No. 543, Embassy 9961, May 9, 6 p. m.,¹ requesting information as to whether certain denominated goods, totalling 176,000 tons, could be licensed contemporaneously with the conclusion of the agreement. We would be prepared to issue export licenses thus permitting purchase and ultimate shipment, but we do not feel that the goods should be permitted to be exported at once, but rather in the usual quarterly quotas. If, however, we obtained under agreement the full 500,000 tons of shipping we would consent to exportation at once of the specified commodities provided dates of delivery of tonnage to us were definitely arranged so that privilege of immediate shipment of commodities would offer no temptation to engage Swedish tonnage so as to postpone unduly delivery of tonnage to us.

The iron ore arrangement suggested by Sweden amounts practically to no limitation upon Germany, particularly with respect to low phosphorous ores.

What provision has been made in Swedish agreement for financial clauses? Clause should be incorporated permitting approved American parties or governmental agencies of United States having payments to make in Sweden to deposit dollars with Federal Reserve Bank or with any banks in United States selected by Government of Sweden against which Government of Sweden will arrange to have corresponding payments made in Sweden in kroners at the par of exchange. Unless Great Britain and France have made specific terms clause might also contain general assurance on the part of Sweden in form familiar to you, expressing a willingness on Sweden's part to grant credits to them for the purpose of facilitating payments those Governments may have to make in Sweden.

LANSING

¹ Not printed.

File No. 658.119/357

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, May 20, 1918, 6 p. m.

7834. For Sheldon [from War Trade Board]:

No. 511. Referring further your No. 560, Embassy 10003, May 11, 5 p. m. In event that Swedish agreement is concluded and you are authorized to adhere to it on behalf of the War Trade Board, your adherence should take the form substantially as set out in your cable above referred to, except that conclusion of adherence should read as follows: "(1) are not required for consumption in United States or in nations associated with United States in the war, or to meet other obligation in United States; (2) will not directly or indirectly be exported to any country or ally of any country with which the United States is or may be at war so long as the above-mentioned agreement shall remain in force and be observed by the Royal Swedish Government."

LIANSING

File No. 658.119/379

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, May 22, 1918, 6 p. m.

[Received May 23, 5.30 a. m.]

10171. War Trade Board [from Sheldon]:

No. 627. Your 494, Department's 7775, May 17, and your 505, Department's 7784, May 17. I am sending you separate cable regarding the [tonnage] negotiations. With reference to the cereal ration proposed for Sweden, please remember that the amount of 250,000 tons was calculated in January as being the requirements for the balance of the cereal year. You were informed of this and while you pointed out in your cable No. 155, Department's 6748, March 2,¹ that you considered this ration among others excessive you nevertheless gave me authority to agree should it be advisable so to do for political reasons. I would point out further that in the announcements made in the Swedish press at the War Trade Board's instigation early in April there appeared the figure of 250,000 tons as well as many of the other figures proposed as rations. You will therefore see the difficulty that we have had in the resumed negotiations of cutting down of these figures. I think now, however, that we have arranged with the Swedes that they will accept a formula somewhat on the following lines: bread cereals to include if required 50,000 tons cereals other than wheat and rye, delivery subject to special arrangement, 250,000 tons. The special arrangements mentioned will

¹ Ante, p. 1211.

be contained in a separate letter providing that not more than 150,000 tons shall be imported before October 1, 1918, and the balance, namely, 100,000 tons plus any unimported part of the 150,000 tons, to go toward the requirements for the cereal year 1918-1919. Any amount beyond that required for the Swedish needs to depend on the 1918 Swedish harvest. Regarding your objection to the Wheat Executive arranging for the firm purchase by Sweden of cereals, there has been a concerted attempt to require all neutrals to make their cereals purchases through the Wheat Executive, and as the supplies available in the Argentine under the control of the Wheat Executive are considered sufficient for the prospective neutral requirements, it was thought preferable by the British Foreign Office and Treasury to let the Wheat Executive handle not only the actual purchases, but attend to his payments, thus obviating neutral competition for exchange in the countries exporting the wheat. See Cravath's cable to Crosby and Leffingwell No. 195, Embassy's No. 10092, May 17, 9 a. m.¹

As regards molybdenum, a contract already exists between Swedish interests and the Central Powers to supply ore containing not more than 15 tons of molybdenum of Swedish native origin before October 25, 1918. If such amount be produced it was thought advisable here to agree to consent to this on the condition that no further supplies should be furnished the Central Powers in any form from the date of our agreement until the end of the war whether or not the agreement shall have been terminated and the Swedish Government will effectively prohibit the importation into Sweden of molybdenum until the end of the war. The amount of carbide, ferrosilicon, and pulp which may be exported to the Central Powers is unquestionably the best arrangement that could be obtained and undoubtedly will be materially less than would otherwise have been exported. It has been arranged, furthermore, that the export of (a) sulphite pulp shall not exceed 89,000 tons, (b) sulphate pulp, 88,000 tons, and (c) paper and paper products, 59,000 tons. Should the export of (a) exceed 60/89 parts, of (b) 67/88 parts, and of (c) 27/59 parts [of the export in 1917] the textile importations shall be reduced as follows: For every 10 tons of sulphate or sulphate pulp exported in excess of fixed quantity the textile rations October imports shall be reduced by $1\frac{1}{4}$ tons and for every 10 tons [of] paper or paper products in excess of fixed quantity the textile rations shall be reduced by 5 tons.

As regards your statement that the iron ore arrangement amounts practically to no limitations on Germany, I do not see how you arrive at this view. See my No. 552, Embassy's 9967 [9987], May 10.²

¹ Not printed.

² *Ante*, p. 1225.

The amount of the specially low phosphorous ore containing less than 2.01 per cent is reduced by one-half and in addition Germany would only get 350,000 tons between this category and that containing .1 per cent. The British and French feel very strongly that the reduction of iron ore to Germany and especially the reduction as regards the low phosphorous categories is also of the utmost importance. It is evident that they are willing to give way on any other point rather than on this. Their experts and secret service men have been working long on this subject and unquestionably are well documented.

As regards your inquiry as to the financial arrangements I would point out that the Swedish Government undertakes to arrange for a monthly credit for expenditure in Sweden during the currency of the agreement of 6,250,000 kroner divided between France, the United Kingdom, and probably Italy. Cravath has cabled the Treasury today more details on this point. This is the amount that the Central Powers obtained. If we should attempt to insist on the arrangement suggested in the latter part of your No. 505 it would undoubtedly wreck the agreement. I would point out, however, that the credit arranged for the other Governments and the fact that the Swedes are expected to pay for their purchases of wheat in kroner at the par of exchange would tend to reduce the present premium on the kroner over the dollar.

In general the British, French, and Italian Governments are extremely desirous of concluding the agreement as it now stands. I have explained in the tonnage telegram the impossibility of getting more than 400,000 tons and the reasons therefor. I most earnestly urge you to give your approval to the proposed agreement and that you consider this matter immediately and cable me your decision forthwith. The expected imminence of the renewal of the offensive on the western front makes it very desirable that the agreement should be concluded this week. From telegrams which the Foreign Office are sending Reading and the French to Tardieu you will see how important they think it is to act quickly.

LAUGHLIN

File No. 658.119/382

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, May 22, 1918, 8 p. m.

[Received May 23, 12.20 p. m.]

10191. War Trade Board [from Sheldon]:

No. 621. Referring to State Department's telegram No. 7775, War Trade Board No. 494, May 7 [17], 4 p. m. The reduction in the

amount of tonnage to be chartered to the Allies under the Swedish tonnage agreement, from 500,000 to 400,000, is undoubtedly due largely to the negotiations which the Swedes have had with the Germans. I have seen what purports to be a copy of the Swedish-German agreement which limits the tonnage to 400,000 and roughly speaking, binds Sweden to use the rest of her tonnage "exclusively for Swedish requirements." In addition, I think Carlsson's statements are well founded, that he has had great difficulty in getting the Swedish owners to agree to provide the total of 400,000 tons. The foregoing will give you some idea of the difficulties of arranging any more satisfactory tonnage contract.

It now appears Swedish ships, totaling 12,000 tons, lying idle in French ports, were requisitioned by the French some time ago. The Swedish representatives insist that this 12,000 tons be included in the 400,000 tons to be chartered to the Associated Governments. If this point is not conceded, the agreement can probably not be consummated. It is proposed by the British representatives that the above 12,000 tons be deducted from the 200,000 tons for use outside the war zone, reducing this figure to 188,000 tons, and that it be added to war zone tonnage, making the latter 212,000 tons. This arrangement will probably be satisfactory to Sweden. The changes in the Swedish tonnage agreement, dated January 21,¹ now suggested, are as follows:

Article No. 1. No change.

Article No. 2. The amount of tonnage may be increased to 112,000 [212,000] tons as above, Lloyd's summer freeboard stipulated. Add before the last paragraph: "Vessels, time-chartered, under the provisional tonnage agreement of January 1918, shall be considered as included in those time [chartered] under this clause, as soon as charters of these vessels have been signed. In accordance with the provisions of this clause, a list of ships to be drawn up and agreed upon, vessels to be over 500 tons."

Article No. 3. The amount of tonnage may be reduced to about 188,000 tons, as above, Lloyd's summer freeboard stipulated, and it is also provided that if general war zone is extended beyond limit in force January 20, owners of ships chartered under this agreement shall have the option of a rechartering on terms and conditions set out in clause No. 2, such tonnage to be added to the tonnage referred to in clause No. 2. Swedish representatives insist that all charters be at the same rate of 35 shillings per ton dead-weight per month, and that the insurance premium of one per cent per month

¹ See footnote 1, *ante*, p. 1211.

which will be deducted from the hire money be reduced to half of one per cent. We are inclined to recommend the acceptance of this offer.

Article No. [4]. "Swedish tonnage to the amount of at least 150,000 total dead-weight tons to be employed in the service of the regular Swedish oversea lines trading in accordance with the plan attached provided the cargo carried in such vessels is subject to the approval of the Associated Governments, preference to be given to particular descriptions of cargo [at the request of] the government concerned. If at any time approved cargo should not be available in Sweden on the outward line, any ballast voyages from Sweden to be subject to the approval of the Associated Governments."

[Article] 5. The minimum speed of vessels in Anglo-French-Swedish trade reduced from 8 to $7\frac{1}{2}$ knots. The 100,000 tons mentioned shall be maintained in this trade so long as the loss of Swedish ships in Anglo-French-Swedish trade does not prove so great as to make this impossible. It is provided that the Swedish Government will grant licenses for trade, either for the Commission for Relief in Belgium or for Allied interests outside the war zone, to Swedish vessels not required for Swedish shipping as provided for under the general agreement, or as otherwise approved by the Associated Governments, and not coming under clauses 2, 3, 4 and 5.

[Article] 6. No change.

[Article] 7. No change.

[Article] 8. Modified to reserve 60,000 tons out of 100,000 mentioned in clause No. 5 for transport of goods from Sweden to the United Kingdom and France at limited rates of freight payable in sterling, not exceeding certain agreed figures which shall be based on a rate of £10 per [St. Petersburg] standard of 165 cubic feet of timber (deals, battens, and boards) from Gothenburg to Hull and other cargo in proportion.

[Article] 9. Second paragraph of agreement of January 21 is changed to read as follows: "Swedish vessels, including regular liners referred to in clause 4, proceeding to and from South America will take the northabout route and will call at Halifax, if required by His Majesty's Government. They will bunker in a United States bunkering port and will take sufficient coal to carry them to South America and back to the United States of America. Regular Swedish liners referred to in clause 4 will be supplied with necessary bunkers, including fuel oil for motor vessels, at bunkering stations to be agreed upon." Carlsson will recommend that provision be

made whereby cargo space from United States to South America will be equally divided between Sweden and United States on all outbound vessels. It is believed that this is the maximum concession we can obtain.

Article 10. Substantially no change.

[Article] 11. In the first sentence ships trading in Swedish interests included among those that are, so far as it is practicable, to receive coals, oils, and so forth in accordance with the provisions of the agreement. Additional clause is added as follows: "No guarantees or undertakings whatsoever in regard to the further employment of the vessels will be insisted on. As already advised, condition for the supply of such coals, oils, stores, and provisions and any undertakings previously given in return for such supplies shall be suspended as regards vessels trading under this agreement from the date on which the agreement comes into force. It is understood that the provision in the preceding sentence does not apply to vessels time-chartered under clauses 2 and 3."

[Article] 12. No change.

[Article] 13. "Swedish vessels engaged in the Anglo-Swedish-French trade, in accordance with this agreement, shall be allowed to bunker, load, and clear immediately when ready without waiting for releasing tonnage, so long as vessels are not held up on the Swedish side, or so long as total tonnage in Swedish ports does not exceed amount in Swedish ports on January 1, 1918."

[Article] 14. First paragraph modified to read as follows: "The charters of the ships referred to in clauses 2 and 3 shall be effected for the duration of the war, subject to the right of any owner to withdraw his vessel on the expiry of four months from date on which notice of termination of the general agreement between Sweden and the Associated Governments is given by the Swedish Government, or on the expiry of three months from the date on which such notice is given by the Associated Governments." Carlsson requests a letter stating that in case voyages are not complete, we will grant one or two weeks' grace with reference to the delivery of ships which should be completed in two months; this was tentatively agreed to.

[Article] 15. No change.

[Article] 16. So that charterers may not place more than two representatives on time-chartered ships.

[Article] 17. No change.

[Article] 18. Now reads: "Half of the time charters under this agreement will be effected with nominees of the United States Gov-

ernment, and half with nominees of the Inter-Allied Chartering Committee in London."

Article No. 19. Following is substituted: "Vessels time-chartered under clauses 2 and 3 of this agreement shall not be armed and shall be navigated under Swedish flag and with Swedish crews, subject to the provision of clause 16."

Article No. 20. "Vessels referred to in clause 2 shall be redelivered at a United Kingdom port, or elsewhere by mutual agreement. Vessels referred to in clause 3 shall be redelivered at a United States port or elsewhere by mutual agreement. On the termination of this agreement, all ships which on January 1, 1918, were in Scandinavian or Baltic ports, or those which on that date were on passage to such ports and shall have reached their destinations, shall be allowed to return to Sweden, and all ships lying on that date in Holland, Spain, or other neutral countries outside Scandinavia shall be allowed to return to the country where they were lying, or if that country then is at war with the Associated Governments, to return to Sweden, provided the ships which on January 1, 1918, were in United States or Allied ports, or on passage to such ports and have reached their destinations, return to such ports. Ships returning to Sweden or neutral port in accordance with this clause shall be supplied with sufficient coal, oil, and stores to enable them to reach their destination without any conditions whatsoever in regard to their future employment."

In financial arrangement, the Swedish Government will undertake to make plans for the investment or deposit of one-half of the moneys due for the loss of ships under the tonnage agreement, in the Allied countries, from which payments are due, subject to the conditions per our cable No. 6007 [607], May 17.¹ It will undoubtedly be impossible to make any provision for the investment or deposit of freight money.

LAUGHLIN

File No. 658.119/385

The Chargé in Great Britain (Laughlin) to the Secretary of State
[Telegram]

LONDON, May 23, 1918, 8 p. m.

[Received May 23, 7.04 p. m.]

10235. War Trade Board [from Sheldon]:

No. 645. Foreign Office and Wallenberg do not think that the form of adhesion proposed in my 560, Embassy's 10003, May 11, 5 p. m..

¹ Not printed.

and modified by your 511, Department's 7834, May 20, 6 p. m., is sufficient, as it will not provide for undertaking in the tonnage agreement concerning bunkering and licensing of vessels. Would you agree to following clause being added to the approved form of adhesion: "and the War Trade Board during the currency of the above-mentioned agreement [will issue licenses] for the bunkering of Swedish vessels in accordance with the terms of the tonnage agreement and will adhere to the terms of such tonnage agreement which is a part of the general agreement"?

LAUGHLIN

File No. 658.119/382

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, May 27, 1918, 3 p. m.

7947. For Sheldon [from War Trade Board]:

No. 564. Swedish negotiations. Your No. 627, Embassy 10171, May 22, 6 p. m., and your No. 621, Embassy 10191, May 22, 8 p. m. These cables are answered by our No. 555.¹ We reaffirm the authority thereby given you to adhere to agreement provided tonnage is definitely assured us and if you feel that there is no chance of insisting successfully upon increase of tonnage or upon the other points mentioned in our No. 505,² particularly in regard to increased exports to Germany. While our authority heretofore given you stipulated that Associated Governments must obtain as a minimum 400,000 tons of shipping, we are prepared and you are authorized if necessary in the judgment of yourself and associated negotiators to consent to reduction to 388,000 tons as your No. 621 intimates may be necessary. We strongly oppose, however, this further reduction of 12,000 tons, not so much on account of the amount of tonnage involved as because it seems to involve acceptance of the principle that requisitioned tonnage must be off-set against tonnage which otherwise would be chartered. We are cabling you separately in regard to our views relative to tonnage details specified in your No. 621.

Concerning purchase of Swedish iron ore mentioned in your No. 607, Embassy 10121, May 17, 7 p. m.,¹ we are carefully considering the manner in which this Government can best carry out the informal understanding that it will share one-third of the burden of such purchase. There are legal objections which may make it impracticable for the United States to make a loan to the Allies to cover one

¹ Not printed.

² *Ante*, p. 1229.

third of the cost, since such a loan would have to be coupled with an understanding to share one-third of the ultimate loss, and it would be difficult legally to bind the Government to bear such a loss at some indefinite future date. It is likely therefore that we may be compelled to purchase outright one-third of the ore. Please cable us as promptly as possible the best available estimate as to the amount of money which would be involved in our purchasing one-third of the ore to be contracted for and dates of payment.

LANSING

File No. 658.119/390

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram—Extract]

WASHINGTON, May 29, 1918, 8 p. m.

8008. For Sheldon [from War Trade Board]:

Your 645, Embassy 10235, May 23, 8 p. m. You may include in letter of adhesion the following relative to bunkering:

The War Trade Board during the currency of the above-mentioned agreement will grant bunker licenses freely for coal and oil and stores for Swedish vessels operating as contemplated by the agreement.

We suggest a clause in this connection requiring that there would be no lay-up of Swedish steamers during the currency of the agreement.

LANSING

File No. 658.119/399

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, May 29, 1918, 5 p. m.

[Received 8.22 p. m.]

10324. War Trade Board [from Sheldon]:

No. 675. The Swedish agreement was signed this afternoon subject to ratification which Swedish delegates state is only matter of form as their Government has not [now?] seen full text. Will cable you a summary of some of the important changes in the draft agreement which was sent you on May 21, as well as summary of covering letters exchanged. Do not publish contents until further advised but no harm in announcing that agreement has been signed. Please notify Shipping Board.

LAUGHLIN

The Agreement between Sweden and the Allied Powers, May 29; Engagement of the War Trade Board to Grant Licenses under the Agreement

*Agreement of May 29, 1918, between the "Associated Governments" and Sweden, the United States Memorandum of Adherence, and Annexed Letters*¹

AGREEMENT BETWEEN THE BRITISH, FRENCH, AND ITALIAN GOVERNMENTS AND THE SWEDISH GOVERNMENT

ARTICLE 1

The British, French, and Italian Governments (hereinafter called "the Associated Governments") will facilitate the importation into Sweden of the articles enumerated in the first schedule hereto (hereafter called "the rationed articles") to the limit of the quantities set out in the said schedule, subject to the special conditions therein stated with regard to certain of such articles, and consistently with their own requirements.

ARTICLE 2

(A) The Swedish Government will effectively prohibit the export, directly and indirectly, of all rationed articles, their products (including by-products and waste), covering the terms of the guarantees hereafter mentioned, and "articles similaires" (as hereafter defined) to the Central Powers and their allies, and further they will effectively prohibit the export to the Central Powers and their allies, directly or indirectly, of:—

- (1) All foodstuffs, animal and vegetable, and feeding-stuffs of any description except cranberries;
- (2) All skins, hides, leather, leather manufactures and tanning materials;
- (3) All wool and woollen manufactures, waste and yarn; cotton, cotton waste, yarn and manufactures; textiles made of paper;
- (4) All ores, including pyrites, and metals, including steel containing ferro-alloys, except iron ore (subject to article 12 hereof), steel containing not more than 1 per cent. of manganese, and pig-iron containing Swedish manganese;

¹The text here given follows a British print rather than the War Trade Board's print which was itself based upon an earlier British print. The terms of the agreement had been telegraphed piecemeal as they were decided upon (see preceding correspondence); the covering letter and the first eight supplementary letters were telegraphed on May 30 and 31 (File Nos. 658.119/403, 404, 405, 409, 410). Letters 9 and 10 were telegraphed in part on Sept. 6 (File No. 658.119/598), but were received in full only in the British print which was later forwarded.

- (5) Sulphuric, nitric, hydrochloric acids; sulphates of copper and of nickel; the export of acetic acid and acetates, chlorates and perchlorates to the Central Powers and their allies not to exceed in any quarter the quantities of similar articles exported to them in the corresponding quarter of 1917;
- (6) Carbide in excess of 1,500 tons per quarter; cyanamide.

(B) No objection will be taken to the export to the Central Powers or their allies of:—

- (1) Small quantities of copper, brass, tin, aluminium, rubber, and rosin in manufactured articles exportable under this agreement not exceeding $7\frac{1}{2}$ per cent. of the total value of the manufactured article, provided that the export shall not be allowed in the case of any article which is now or may hereafter be on the Associated Governments' lists of absolute or conditional contraband, or in the case of any article which is commercially capable, by any process, of being reduced to its original constituents, and provided also that the amount so exported in any quarterly period shall not exceed the average normal trade prevailing before the war, and that the Associated Governments will be furnished as soon as possible, and before this provision is acted upon, with a list of such manufactured articles;
- (2) Tin, lead, nickel, aluminium, copper, brass, and rubber in compensation for a corresponding quantity of the same raw materials contained in an article imported from the Central Powers or their allies, in cases where such compensation has been made an absolute condition of the export of the article to Sweden, provided that the amount so exported in any quarterly period shall not exceed $7\frac{1}{2}$ tons of tin, 10 tons of lead, $2\frac{1}{2}$ tons of nickel, $\frac{1}{2}$ ton of aluminium, 50 tons of copper and/or brass, and $1\frac{1}{4}$ tons of rubber;
- (3) 25 tons per quarter of zinc for manufacture and return to Sweden.

(C) No objection will be taken to the export of rubber waste, not exceeding $37\frac{1}{2}$ tons per quarter to Denmark (or additional quantities to the Associated countries) for reclamation and return to Sweden, on terms to be arranged.

(D) It is expressly understood that no exportation under the terms of clauses (B) or (C) of this article will be allowed to take place except under certificate from the Swedish Handelskommission to the effect that they have satisfied themselves that the several conditions laid down have been exactly fulfilled, and that the Swedish Government will take the necessary steps to secure that the provisions of clauses (B) (3) and (C) as to return are exactly performed.

(E) "Articles similaires" shall include the articles enumerated in clause (A) of this article, and other articles to be agreed, which shall be the subject of a separate document.¹

(F) In case there may be articles the export of which is prohibited under this agreement because they contain imported articles or their products, but which are not of any material significance, application may be made through the Swedish Handelskommission or the Importing Associations hereafter mentioned to the representative of the Associated Governments in Stockholm for dispensation from the undertaking not to export such articles, and such dispensation will be granted in all proper cases.

ARTICLE 3²

The Swedish Government will effectively prohibit the export, directly and indirectly, of (a) ferro-alloys and steel-hardening materials; (b) mica, micanite, and mica manufactures; (c) tin-plates and terne-plates; (d) cork, manufactures of cork, and cork waste; (e) rosin, including Swedish rosin, or turpentine, oil or other derivatives thereof, wood-pitch, wood-tar, wood-tar oil, and resin oil to any country other than the Associated countries, with the following exceptions, viz., (1) on the express understanding that a contract exists for the supply to Germany of 50 tons of molybdenum ore before the 25th October, 1918, and that such contract cannot be cancelled, the Associated Governments agree that a total quantity of molybdenum ore or concentrate of Swedish native origin not exceeding 50 tons, and containing not more than 15 tons of molybdenum may be exported to the Central Powers and their allies or to other destinations from the date hereof up to the 25th October, 1918, but with that exception no material containing molybdenum in any form shall be exported from Sweden except to the Associated countries so long as the war continues, whether or not this agreement shall have terminated, and the Swedish Government will effectively prohibit the importation into Sweden of molybdenum in any form from the date hereof until the end of the war; (2) ferro-silicon (including ferro-silico-manganese) may be exported to the limit of 1,750 tons per quarter to the Central Powers and their allies, and to the limit of 500 tons per quarter to other destinations; (3) wood-pitch, wood-tar, wood-tar oil, and resin oil obtained without the aid of any imported article to the limit of 2,000 tons per quarter of wood-pitch, wood-tar, and wood-tar oil in all, and 750 tons per quarter of resin oil, may be exported to the Central Powers and their allies, and wood-pitch and wood-tar may be exported to

¹ Not printed.

² See par. 7 of covering letter, *post*, p. 1264; also letter No. 3, *post*, p. 1268.

Holland and Denmark in quarterly quantities not exceeding 1917 quantities.

Exports to other destinations, where permitted under this article, shall be subject to article 4 in the case of exports to Holland, Denmark, Norway, Russia, Finland, and Roumania.

ARTICLE 4¹

Articles prohibited from export to the Central Powers and their allies under article 2 (A) and (E) hereof may be exported to Holland only if consigned to the Netherlands Oversea Trust with their consent; to Denmark only on production to the Swedish Handelskommission of a certificate showing that the Merchants' Guild or Chamber of Manufacturers of Copenhagen have given a guarantee satisfactory to the representative of the Associated Governments in Denmark; to Norway only if consigned to or guaranteed by an association with whom the Associated Governments have an agreement, and in other cases under the usual guarantee in force in Norway attested by the Norwegian Minister of Finance; and to Russia, Finland, and Roumania only with the consent of the representative of the Associated Governments in Stockholm, provided that the conditions of export to Russia, Finland, and Roumania may be reconsidered from time to time.

ARTICLE 5²

The Swedish Government undertake that associations will be forthwith formed in Sweden of traders engaged in the importation of the rationed articles, which associations, subject to clause (e) of this article, will be responsible for the distribution of the rationed articles in Sweden, and further that—

- (a) The rationed articles will be consigned to the associations (subject to clause (e) of this article), but the secondary consignees shall be named in the bills of lading, and the associations will only deliver to such consignees.
- (b) In respect of each consignment of the rationed articles the appropriate association in advance of shipment will forward to an office, to be opened by the importing associations, in London, for communication to the representatives of the Associated Governments in London, a written guarantee in respect of such consignment in the appropriate form set out in the second schedule hereto.
- (c) Such association will not deliver any such articles so imported by them as aforesaid to the secondary consignee without first having obtained from such consignee a written guarantee in the appropriate form set out in the second schedule hereto, but before accepting the last-mentioned

¹ See pars. 5 and 13 of covering letter.

² See letter No. 1.

- guarantee such association will satisfy itself that such consignee intends to fulfil the terms of the guarantee.
- (d) In order to facilitate expedition in the conduct of the businesses of the associations, and to minimise as far as possible delay to vessels carrying rationed articles, communication with regard to such importations (subject to clause (e) of this article) may be made direct between the said associations and the representatives of the Associated Governments in Sweden, and, if required, duplicates of the guarantees will be handed to them.
 - (e) Whenever any of the rationed articles shall be imported by the Swedish Government, or a department of the Government, or by the Swedish Victualling Commission, such articles shall be included within the ration, and the Swedish Government hereby give their assurance that such articles and their products (including by-products and waste) shall be consumed only in Sweden, and that no department will act as consignees of articles imported into Sweden unless the same shall be bought and paid for by such department for their own use.
 - (f) If any of the rationed articles or their products should reach the Central Powers or their allies, the person, firm, or company in Sweden to whom such articles or products have been delivered shall not be entitled to receive any further articles from the associations, and where information is in the possession of any of the Associated Governments which shows that any article consigned to an association is not intended for home consumption in Sweden, such association will, if requested, retain the same pending investigation and a decision being arrived at.
 - (g) The Swedish Government will make no objection to information reasonably required for the purposes of this agreement being obtained by the associations and/or the Swedish Handelskommission, and supplied by them to the representatives of the Associated Governments.

ARTICLE 6

Consignees of articles imported into Sweden in barrels or casks or with textile coverings as packing will furnish an undertaking in respect of such coverings in the form set out in the second schedule hereto.

ARTICLE 7¹

The rations shall be quarterly, except as may be agreed from time to time, due regard being had to shipping difficulties and seasonal articles. Balances unimported may be carried forward from one quarter to the next quarter.

The rations shall commence on the 1st June, 1918, but shall include in the first quarter all imports into Sweden from the 1st

¹ See par. 3 of covering letter.

April, 1918, including articles imported under the *modus vivendi* and articles released for Swedish use subsequent to the 1st April, 1918, provided that imports of articles specified in the first schedule hereto from Russia and Finland shall count as one-half of the quantity actually imported.

ARTICLE 8¹

There will be drawn up a free list, consisting of articles which may be imported into Sweden without guarantees, subject to revision from time to time. If any difficulty should be experienced with regard to the importation into Sweden of articles other than the articles specified in the first schedule hereto and the free list, it is agreed that such difficulty shall be the subject of discussion with a view to early adjustment.

ARTICLE 9

The Swedish Government will communicate promptly to the Associated Governments at regular intervals monthly statistics of—

- (a) Imports of rationed articles (ship by ship);
- (b) Exports of articles in respect of which the Associated Governments may request such information (showing countries of destination).

In respect of all rationed articles and other articles imported into Sweden, whether by land or by sea, for which declarations against re-export have been given, copies of the certificates of entry will be furnished to the representative of the Associated Governments in Sweden immediately after the arrival of such articles in Sweden.

ARTICLE 10

The Swedish Government agree to the terms of the Swedish tonnage arrangement contained in the third schedule hereto, and the same shall form part of this agreement.

ARTICLE 11²

The British Government will grant licences for the export of coal to Sweden for Swedish consumption up to 150,000 tons per month.

ARTICLE 12³

(A) In view of the fact that the Associated Governments are willing, as hereafter mentioned, to purchase 2,000,000 tons of Swedish iron ore, the Swedish Government undertake that the exports of

¹ See par. 15 of covering letter.

² See par. 4 of covering letter; also letter No. 4.

³ See pars. 6, 9, and 10 of covering letter; also letter No. 2.

Swedish ore from the 1st July 1918 (including the quantity purchased by the Associated Governments under this agreement, but not exported), will not exceed 6,000,000 tons per annum, and that of such exports the quantity exported to the Central Powers and their allies, directly and indirectly, will not exceed 3,500,000 tons per annum, such exports in any one quarter to be proportionate in amount to the exports to those countries in the corresponding quarter of 1917, and, of such exports to the Central Powers and their allies, the Associated Governments, on the understanding that the exports of low phosphorus ore and slig from Sweden in 1917 containing less than 0.1 per cent. of phosphorus were not less than 1,400,000 tons, agree to 750,000 tons being low phosphorus ores and slig, in the following proportions, viz., 375,000 tons containing less than .02 per cent. of phosphorus and 375,000 tons containing a percentage of phosphorus between .02 and 0.1, the Swedish Government undertaking that these figures will not be exceeded and that the exports of such low phosphorus ores and slig to the Central Powers and their allies in each quarter shall be proportionate in amount to the exports to those countries of such low phosphorus ores and slig in the corresponding quarter of 1917.

(B) The Associated Governments will purchase 2,000,000 tons of Swedish iron ore from the Trafik Aktiebolaget Grängesberg-Oxelösund in the year from the 1st July, 1918, and they shall have the right to purchase from any source in Sweden a further quantity up to 500,000 tons per annum of ores of any class which they may be able to purchase. The Swedish Government will give all facilities within their power for the storage or export at any time of iron ore purchased by the Associated Governments and for transit to Narvik for shipment therefrom, if so desired.

(C) The restrictions and provisions of clauses (A) and (D) hereof shall continue in force so long as this agreement remains in force. But if on the termination of this agreement the British Ministry of Munitions shall exercise the right conferred by the contract with the Trafik Aktiebolaget Grängesberg-Oxelösund to give two months' notice to terminate their obligation to take deliveries of iron ore under the option of purchase contained in the said contract, the restrictions and provisions of clauses (A) and (D) and the provisions of article 9, as far as the latter relate to statistics of exports of iron ore, shall continue in force and remain binding until the expiration of such notice.

(D) Exports of iron ore from Sweden to Holland, Denmark, Norway, Russia, Finland, and Roumania will be subject to the provisions as to exports to those countries contained in article 4 hereof.

ARTICLE 13

(A) The export of pulp and paper from Sweden to the Central Powers and their allies in any one year, calculated as to the 1st June, shall not exceed the quantities exported in 1917, viz.:—

Sulphite pulp-----	89,000 tons
Sulphate pulp-----	88,000 “
Paper and products thereof-----	59,000 “

The quantity of each of the above articles exported in any one quarter shall not be greater than the quantity of each which was exported in the corresponding quarter of 1917.

(B) Should the export in any quarter exceed in the case of—

Sulphite pulp-----	60/89 parts
Sulphate pulp-----	67/88 “
Paper, including the products thereof-----	27/59 “

of the export in the corresponding quarter of 1917 the following reduction shall be made in the textile rations during the succeeding quarter, viz.:—

for every 10 tons of sulphate or sulphite pulp exported in excess, the textile rations shall be reduced by $1\frac{1}{4}$ tons, and
for every 10 tons of paper or the products of paper in excess, the textile rations shall be reduced by 5 tons, in the following proportions, viz.:

Cotton-----	by 43 per cent
Cotton manufactures-----	“ 9 “ “
Hemp-----	“ 9 “ “
Jute-----	“ 14 “ “
Silk-----	“ 1 “ “
Wool-----	“ 20 “ “
Woollen manufactures-----	“ 4 “ “
	100 “ “

If the reduction which applies to the textile ration in any quarter shall exceed the actual rations for that quarter, the rations for the succeeding quarter or quarters shall be reduced by the amount of the excess until the same shall have been satisfied.

(C) The British Government will cause the embargo on the import of Swedish paper and pulp to be removed if satisfactory arrangements are made for the payment of purchases of Swedish paper, paper yarn, and pulp, by loan or otherwise.

(D) Exports of pulp, paper, and products thereof from Sweden to Holland, Denmark, Norway, Russia, Finland, and Roumania will be subject to the provisions as to export to those countries contained in article 4 hereof.

ARTICLE 14¹

The Swedish Government will facilitate exports from Sweden to the Associated countries.

ARTICLE 15

The Swedish Government will grant licences for and will transport to and from Russia and Finland, if requested by the Associated Governments, freely and without compensation, subject to the reasonable requirements of the Swedish State Railways, all articles other than those specifically enumerated in the Swedish Ordinances of the 9th January, 1915, and the 25th May, 1917, respectively, not less in amount than 3,000 tons per week, both in winter and summer, *viâ* Haparanda, with an additional amount of not less than 3,000 tons per week by other lines when the ports of the Gulf of Bothnia are open, provided, however, that if at any time, owing to hindrances on importation caused by belligerent action of the Associated Governments, there shall be a scarcity of supplies in Sweden of any particular class of article required for Swedish home consumption, the Swedish Government may decline to give transit facilities in respect of such class of article so long as such scarcity so caused shall continue.

ARTICLE 16

The Swedish Government agree to the financial terms contained in the fourth schedule hereto, and the same shall form part of this agreement.

ARTICLE 17

The Associated Governments reserve their rights (*a*) of visit, search, and (if necessary) detention of vessels, and (*b*) of placing in the Prize Court any shipment in respect of which they have evidence in their possession justifying such procedure, provided that in the event of failure of such proceedings the party affected shall be entitled to claim compensation in the Prize Court, but so long as this agreement remains in force the Associated Governments undertake to allow shipments made thereunder to proceed with the least possible delay.

ARTICLE 18

The expression "the Central Powers and their allies" herein shall include territories in their occupation. The expression "Associated countries" means Great Britain and any country associated with Great Britain in the present war, and does not include Russia, Finland, or Roumania.

¹ See par. 16 of covering letter.

ARTICLE 19¹

(i) This agreement shall come into force on the 1st June, 1918, but if any difficulty should occur in the prompt delivery of the tonnage to be chartered to the Associated Governments, as provided in clause 14 of the tonnage arrangement, the Associated Governments shall be entitled to delay or suspend the whole or part of their performance of this Agreement until the difficulty shall be removed.

(ii) It shall remain in force for the period of the war subject to the right of the Swedish Government or the Associated Governments to terminate it by two months' notice at any time after the end of the first six months, but termination shall not affect obligations attaching under this agreement to articles then already imported or shipped or to be shipped under clause (iii) of this article to Sweden, or articles then already purchased in Sweden by any of the Associated countries under this agreement and the provisions of this agreement appertaining thereto shall continue in force. In the case of tonnage, termination shall operate as is provided in the Swedish tonnage arrangement.

(iii) If at the date of such termination there should be any unimported balance outstanding of any rationed articles, arrangements will be made with a view to facilitating the importation by the associations of such articles up to the limit of the rationed quantities proportionate to the period during which this agreement shall have been in force, and in that event the provisions of this agreement appertaining to the imports of such articles shall remain in full force and effect.

(iv) Termination shall be subject as regards iron ore to the provisions of article 12 in that behalf, and as regards molybdenum to the provisions of article 3 in that behalf.

THE FIRST SCHEDULE²

	Tons
Bread cereals to include if required 50,000 tons of cereals other than wheat and rye; delivery to be subject to special arrangement ³ -----	250,000
	Quantities calculated at yearly amounts, except where otherwise stated.
Fodder (including oil cake) except as to one-third importable before August 1918, to be importable between August 1918 and June 30th, 1919 (subject to prohibition of export of cattle to the Central Powers and their allies) 15 months' ration-----	300,000
Cocoa and preparations-----	1,900
Coffee-----	25,000
Tea-----	240
Spirits (only brandy and whiskey)-----	1,500

¹ See par. 18 of covering letter.

² See also pars. 11 and 17 of covering letter.

³ See pars. 1, 2, and 12 of covering letter; also letter No. 5.

	Tons
Wines.....	2, 000
Fresh fruit (excluding any imported from Holland).....	2, 500
Dried fruit.....	5, 000
Nuts and kernels.....	750
Spices, including pepper and pimento 400 tons, total.....	500
(Any excess up to total of 800 taken from Holland.)	
Oils and fats—	
Linseed—20,000 tons—linseed oil.....	6, 000
(Linseed imported into Sweden from Russia or Finland after 7th December, 1917, to be included at the oil equivalent in the 1918 ration, but to be counted as half ration.)	
Other technical oils.....	12, 000
Other seeds.....	800
Edible oil and fats ¹	7, 000
Mineral oils—	
Lubricants.....	15, 000
(Subject to an undertaking not to supply oils to non-Swedish vessels in Swedish ports unless requested by the representative of the Associated Governments.)	
Petrol.....	10, 000
Petroleum.....	90, 000
Fuel oil.....	18, 000
Soap.....	250
Camphor.....	10
Gums.....	125
(Plus 125 tons to be obtained from Holland. If it is not obtainable from Holland, the position will be reconsidered.)	
Raw rubber.....	400
Rubber tyres.....	250
Other rubber manufactured goods.....	400
(An increase in the raw rubber ration up to an additional 100 tons will be considered, provided an equivalent reduction is made in the ration of rubber tyres and manufactures.)	
Paraffin wax.....	2, 000
(Exclusive of 900 tons already released from the British Prize Court.)	
Other waxes.....	40
Coir yarn.....	100
Varnishes—	
Spirit varnish.....	10
Oil varnish.....	80
Other varnishes.....	360
Binder twine and sisal fibre according to the estimated harvests, if found to be required.....	2, 000
Textiles (see article 13)—	
Cotton and cotton manufactures.....	18, 000
Hemp, excluding sisal.....	3, 000
Jute.....	5, 000
Silk, other than raw or waste, including mixed silk tissues.....	250
Wool (2,000 extra if from Australia).....	5, 000
Woollen manufactures.....	1, 200
Corkwood.....	2, 000
Vegetable fibres—	
(a) Bast plassava and other fibres.....	500
(b) Rice root.....	200
Tanning materials, hides, and leather ² —	
(a) Tanning materials (at 30 per cent. tanning content).....	8, 000
(b) Hides and leather, &c. (proportion of each to be arranged).....	7, 200
Tobacco.....	4, 500
Alloys, white metals.....	400
Antimony.....	50
Copper and copper alloys.....	8, 000

¹ See par. 2 of covering letter.² See par. 14 of covering letter.

Ferro alloys and steel hardening agents— (To include articles licensed by the British Ministry of Munitions.)	Tons
Ferro-manganese	4,000
Ferro-chrome	500
Ferro-tungsten (or equivalent in tungsten)	30
Ferro-vanadium	5
Lead	2,000
Tin	700
Tin-plates and terne-plates	5,000
Asbestos and asbestos waste	400
Borax and boracic acid	400
Citrate ¹ and tartaric acid	100
Saltpetre—	
(a) From overseas	25,000
(b) From Norway	10,000
Raw phosphates	80,000
Graphite	400
Graphite crucibles	200
Phosphorus—	
Pure phosphorus	100
Sesqui sulphide	50
Sugar and syrup	8,000
Rosin	4,000
Aluminium	400
Nickel silver	75
Mercury	5
Anodes	9
Nickel sulphate	112
Nickel	100
Soda ash (including carbonate)	10,000
Canned fruit and other canned provisions	230
Starch and sago	250
Anti-fouling composition	300
Bamboos, rattans, and canes	100
Clover seed	400
Grass seed	600
Antimony sulphide	50
Rice	12,000
Sulphur	10,000
Mica (from Norway), micanite, and mica manufactures ²	40

THE SECOND SCHEDULE

I

Ordinary Form of Guarantee by the Importing Association

Whereas _____ of _____ is desirous of importing
_____ from _____

Now, therefore, the _____ Association guarantee to the
Associated Governments—

1. That the said Association will not deliver any part of the said goods if imported by them to the said _____ without having first obtained from the said _____ an undertaking in the form provided in an agreement made the _____ day of _____ between the Associated Governments and the Swedish Government.

¹ According to telegram from the War Trade Board representative at London, No. 853, Embassy's No. 10779, June 21, this was a typographical error in the British print; should read "citric." (File No. 658.119/456)

² See par. 8 of covering letter.

2. That the said goods shall be imported only into Sweden, and when imported neither the said goods nor any part thereof, nor any goods manufactured therefrom, in any form (whether as by-product, waste, or otherwise) shall be exported unless export of such goods can properly be made under the said agreement, and then only in strict accordance therewith.

4. That in the event of breach of the said undertaking, the said Association will proceed to enforcement of the penalties therein provided, and no further goods will be delivered to the said ----- .
(Signed) -----

II

Ordinary Form of Undertaking by the Swedish Importer to the Importing Association

In consideration of the ----- Association consenting to delivery to the undersigned of the following goods:

[Specify goods.]

1. The undersigned undertakes not to deal, or permit to be dealt with, any of the said goods or any goods imported with the assistance of the said Association otherwise than in accordance with the conditions below.

2. If any goods are dealt with in any way contrary to the terms of this undertaking, the undersigned will be liable to a fine up to -----, and to forfeit to the said Association a sum equal to double the value of the goods in the highest European market.

In the event of dispute, the same shall be referred to the decision of the arbitrator or arbitrators appointed by the said Association whose decision shall be final and binding, and shall not be appealed against in any circumstances.

Such penalties shall be without prejudice to the enforcement of any penalties for breach of guarantee imposed by any Swedish law for the time being in force.

Conditions

1. The said goods and any goods manufactured therefrom (including by-products and waste) shall not be exported to the Central Powers or their allies or to territory in their occupation, and may be exported: (a) to Denmark only on production to the Swedish Handelskommission of a certificate showing that the Merchants' Guild or Chamber of Manufacturers of Copenhagen have given a guarantee satisfactory to the representative of the Associated Governments in Denmark in respect of the goods proposed to be exported; (b) to Holland only if the goods proposed to be exported are con-

signed to the Netherlands Oversea Trust with their consent; (c) to Norway only if consigned to or guaranteed by an association with whom the Associated Governments have an agreement, and in other cases under the usual guarantee in force in Norway attested by the Norwegian Minister of Finance; (d) to Russia and Finland and Roumania only with the consent of the representative of the Associated Governments in Stockholm.

2. The said goods and any goods manufactured therefrom (including by-products and waste) shall only be sold to reliable persons, and in exchange for a written undertaking similar to this undertaking, and after the seller has satisfied himself that such goods and any goods manufactured therefrom (including by-products and waste) will not be exported in any form, save as herein provided. Such undertaking need not be required from a purchaser purchasing in the ordinary course of retail trade where the invoice value of the goods sold at any one time shall not exceed 100 kronor, provided that this exception shall not extend to cover a succession of such sales to the same person, firm, or company at frequent intervals.

3. "Associated Governments" means the British, French, Italian, and United States Governments.

[Other forms of guarantees and undertakings, covering various specific articles, not printed.]

THE THIRD SCHEDULE

*Swedish Tonnage Arrangement*¹

1. List of all Swedish vessels of 500 tons gross register and over to be drawn up and agreed upon. The expressions "vessels," "ships," and "tonnage" in this and the following clauses do not include sailing vessels except where it otherwise appears.

2. Suitable Swedish tonnage to the amount of 200,000 total dead-weight tons (including bunkers) on Lloyd's summer freeboard to be employed in the service of the Associated Governments on time charter, with liberty to trade in the war zone, the terms of the charter to be as follows:—

Rates.—Up to		500 tons	dead-weight	58/-	per ton	dead-weight	per month
500 to 1,000	"	"	---	54/-	"	"	"
1,000 to 2,300	"	"	---	49/-	"	"	"
2,300 to 4,000	"	"	---	46/6	"	"	"
4,000 to 6,000	"	"	---	43/6	"	"	"
Over 6,000	"	"	---	41/6	"	"	"

Ships to be fixed on the usual "Baltime" form of charter, with amendments and additions shown on draft charter "A" annexed to this arrangement.²

¹ See letters Nos. 7 and 8.

² Not printed.

Values.—Charterers to hold the ships covered against war risk on the Swedish Government War Risk Insurance conditions in force on the 1st January, 1918, with the following modifications:—

- (i) Questions whether missing ships have been lost by war perils or marine perils shall be decided by the Average Adjuster in Stockholm, subject to a right of appeal up to the Swedish Supreme Court.
- (ii) Detention money not to be paid in respect of the capture, seizure, or detention of any vessel by one of the Associated Governments. (It is understood that this clause has no reference whatever to the hire-money, the payment of which is governed by the terms of the charter-party.)
- (iii) The charterers will continue to hold vessels covered when they are carrying goods which may be declared contra-band.

The ships shall be covered on the following valuations:—

Steamers under 10 years old	£50 per ton dead-weight
“ 10-30 “ “	£40 “ “
“ over 30 “ “	£35 “ “

If any owner so desires, a clause will be inserted in the charter-party, when originally signed, providing for the insurance by the charterer of an excess value not exceeding 25 per cent. of the above values, at a fixed rate of 4 per cent. per month, which charterer may deduct from the sum payable by way of hire. Vessels time-chartered under the provisional tonnage agreement of January 1918 shall be considered as included in those time-chartered under this clause, so soon as charters of these vessels have been signed in accordance with the provisions of this clause, or a guarantee is given that the charters of the vessels, specifying their names, will be signed, or that charters will be signed for equivalent vessels.

A list of the ships to be drawn up and agreed upon. Vessels to be over 500 tons gross.

3. Suitable Swedish tonnage to the amount of 200,000 total dead-weight tons (including bunkers) on Lloyd's summer free board to be employed in the service of the Associated Governments on time charter in service outside the war zone, in accordance with the trading limits provided in the charter.

The terms of the charter to be as follows:—

Rate.—35/- per ton dead-weight per month.

Ships to be fixed on the usual “Baltimé” form of charter, with amendments and additions shown on draft charter “B” annexed to the agreement.¹ The charterers to hold ships covered against war risk on the Swedish Government War Risk Insurance conditions in

¹ Not printed.

force on the 1st January, 1918, with the modifications mentioned in clause 2 on the following valuations for a premium of $\frac{1}{2}$ per cent. per month, which will be deducted from the hire money:—

Values.—Steamers under 10 years old	-----	£50	per ton dead-weight.
“ 10–30 “ “	-----	£40	“ “
“ over 30 “ “	-----	£35	“ “

If any owner so desires, a clause will be inserted in the charter-party, when originally signed, providing for the insurance by the charterer of an excess value not exceeding 25 per cent. of the above values, at a fixed rate of $\frac{1}{2}$ per cent. per month, which charterer may deduct from the sum payable by way of hire.

It is understood that in the event of the so-called German war zone being extended beyond the limits in force on the 20th January, 1918, owners of ships chartered under this clause shall have the option of rechartering on the terms and conditions set out in clause 2. Such tonnage to be added to the 200,000 tons referred to in clause 2 of this agreement.

Owners may exercise this option at any time on seven days' notice being given to the charterers through the Swedish Office in London, referred to in clause 17. The new terms shall apply from the date on which the vessel completes the voyage upon which she is engaged at the time when notice is given.

A list of the ships to be drawn up and agreed upon. Vessels to be over 2,300 tons dead-weight.

4. Swedish tonnage to the amount of at least 150,000 total dead-weight tons to be employed in the service of the regular Swedish oversea lines trading in accordance with the plan attached (see annex A), provided the cargo carried in such vessels is subject to approval of the Associated Governments. Preference to be given to particular descriptions of cargo at the request of the Government concerned. If at any time approved cargo should not be available in Sweden on the outward line any ballast voyages from Sweden to be subject to the approval of the Associated Governments.

A list of the ships to be drawn up and agreed upon, showing the amount of tonnage to be employed on each line.

5. All Swedish tonnage not covered by clauses 2, 3, and 4 (including sailing vessels, ships now under construction, and ships idle in Allied ports, but not including ships detained by order of the Prize Court or competent naval authorities), to be available for the service of Sweden, but steamers to a total of not less than 100,000 total dead-weight tons (including bunkers), having a minimum speed of $7\frac{1}{2}$ knots, to be continuously maintained in the Anglo-French-Swedish trade, so long as the losses of Swedish ships in Anglo-French-Swedish trade do not prove so great as to make this impossible.

6. Swedish sailing vessels trading to Sweden from overseas to load only in United States ports. Swedish sailing vessels not required for the service of Sweden shall be at liberty to trade, but their voyages shall be subject to approval of Associated Governments.

7. In the selection of the vessels to be chartered by the Associated Governments under the arrangement preference will, so far as practicable, be given to ships now in Allied ports.

8. Provided the regulations of the British naval authorities are observed, Swedish vessels will, as far as possible, be protected when trading in the war zone under this arrangement, including passages between Norway and the United Kingdom. The North Sea freight regulations will be suspended and Swedish ships allowed to come to the United Kingdom in ballast to load coal, if so desired.

In return for these concessions freight space to the amount of 60,000 dead-weight tons per month will be reserved out of the 100,000 tons referred to in clause 5 for the carriage of Swedish exports to the United Kingdom and France at rates of freight, payable in sterling, not exceeding certain agreed figures, which shall be based upon a rate of £10 per St. Petersburg standard of 165 cubic feet of timber (deals, battens, and boards) from Gothenburg to Hull, and other cargo in proportion. Shippers nominated by His Britannic Majesty's Government to have the first call on the whole or any part of the above space.

If requested to do so by His Britannic Majesty's Minister at Stockholm, the Swedish Shipowners' Association will place at the disposal of those Swedish coal importers who have hitherto relied on British coal freight space to the amount of 20,000 tons per month from suitable ports in the United Kingdom to suitable ports in Sweden. His Britannic Majesty's Minister at Stockholm will, if necessary, inform the Swedish Shipowners' Association of the names of the importers for whom these facilities are desired, and it is understood that the freight space will be paid for at the current rate.

All contracts for the carriage of goods from Sweden to the United Kingdom shall provide for the discharge of the cargo at a named port, or at any East Coast port, as may be directed by the British naval authorities, and all contracts for the carriage of coal or coke in particular vessels from the United Kingdom to Sweden shall contain a clause providing for the release of the shipowner from any responsibility if the ship in question is directed by the British naval authorities to load at another port. It is understood that in exercising their rights under this clause of the arrangement the British naval authorities will be guided only by naval considerations and considerations affecting the rapid loading and discharging of the vessels. General licenses will be issued and/or other arrange-

ments made by mutual agreement to enable the diverted ships to load without delay.

9. Swedish vessels proceeding to and from the United States of America will take the northabout route, and will call at Halifax for examination if required by His Britannic Majesty's Government.

Swedish vessels, including regular liners referred to in clause 4, proceeding to and from South America, will take the northabout route, and will call at Halifax if required by His Britannic Majesty's Government. They will bunker in a United States bunkering port, and will take sufficient coal or oil to carry them to South America and back to the United States of America.

10. Swedish vessels now on the British black list will be temporarily removed from that list so long as they trade in accordance with the provisions of the arrangement, and will be entirely removed if their owners accept and observe the British bunker conditions as stated in the copy annexed,¹ or if a special arrangement is made with His Britannic Majesty's Government.

11. So far as practicable, sufficient coals, oil, stores, and provisions to be supplied at bunkering stations to be agreed upon, to all ships trading in accordance with the provisions of this arrangement including those trading in Swedish interests to enable them to fulfil their voyages, such supplies shall be regulated in accordance with the general orders respecting supply of stores, &c., which may from time to time be in force in the ports where supplies are required. No guarantees or undertakings whatsoever in regard to the further employment of the vessels will be insisted upon as a condition for the supply of such coals, oils, stores and provisions, and any undertakings previously given in return for such supplies shall be suspended as regards vessels trading under this arrangement from the date on which this agreement comes into force. It is understood that the provision in the proceeding [*sic*] sentence does not apply to vessels time-chartered under clauses 2 and 3.

The obligations under this clause only hold good so long as vessels are not held up on the Swedish side, or so long as the total tonnage in Swedish ports does not exceed the amount in Swedish ports on the 1st January, 1918.

12. Any vessels trading in accordance with the provisions of this arrangement including those trading in Swedish interests which may be damaged while so trading, shall be allowed facilities for necessary repairs as soon as practicable, provided material and labour can be spared for the purpose.

13. Swedish vessels engaged in the Anglo-French-Swedish trade in accordance with this arrangement shall be allowed to bunker, load,

¹ Not printed.

and clear immediately when ready, without waiting for releasing tonnage, so long as vessels are not held up on the Swedish side, or so long as the total tonnage in Swedish ports does not exceed the amount in Swedish ports on the 1st January, 1918.

14. The charters of the ships referred to in clauses 2 and 3 shall be effected for the duration of the war, subject to the right of the owner or charterer to terminate the charter on the expiry of four months from the date on which notice of termination of the general agreement between Sweden and the Associated Governments is given by the Swedish Government, or on the expiry of three months from the date on which such notice is given by the Associated Governments.

The vessels referred to in clause 2 shall be delivered at a United Kingdom East Coast port or elsewhere by mutual agreement.

The vessels referred to in clause 3 shall be delivered in the United States of America at an East Coast port north of Capt Hatteras or elsewhere by mutual agreement, but ships now in Sweden may be delivered in Norway at any port selected by the charterer between Stavanger and Aalesund inclusive.

50 per cent. of the ships shall be delivered within one month of the signature of the agreement. 75 per cent. within six weeks, and the whole within two months.

15. If any of the ships chartered under the provisions of clauses 2 and 3 of this arrangement be lost after delivery, or be prevented by any other cause beyond the control of the owner or Swedish Government from fulfilling the charter-party, there shall be no obligation to replace such ship.

16. Charterers shall have the liberty to place one or two representatives on board any ship time-chartered under the arrangement for the purpose of safeguarding their interest and assisting the master in accordance with the directions of the competent authority.

17. The Swedish Shipowners' Committee will open an office in London for the purpose of facilitating the working of this agreement, and all questions concerning the grant of bunkers, approval of cargo under clause 4, and other points arising out of the working of this tonnage arrangement shall be dealt with through that office.

18. One-half of the time charters under this arrangement will be effected with nominees of the United States Government, and one-half with nominees of the Inter-Allied Chartering Committee in London.

19. Vessels time-chartered under clauses 2 and 3 of this arrangement shall not be armed, and shall be navigated under the Swedish flag and with Swedish crews, subject to the provision in clause 16.

20. Vessels referred to in clause 2 shall be redelivered at a United Kingdom port or elsewhere by mutual agreement.

Vessels referred to in clause 3 shall be redelivered at a United States port or elsewhere by mutual agreement.

On the termination of this agreement all ships which on 1st January, 1918, were in Scandinavian or Baltic ports, or those which on that date were on passage to such ports and shall have reached their destinations, shall be allowed to return to Sweden, and all ships lying on that date in Holland, Spain, or other neutral countries outside Scandinavia, shall be allowed to return to the country where they were lying, or if that country is then at war with the Associated Governments, to return to Sweden, provided the ships, which on the 1st January, 1918, were in United States or Allied ports, or on passage to such port and have reached their destinations, return to such port. Ships returning to Sweden or neutral ports in accordance with this clause shall be supplied with sufficient coal, oil, and stores to enable them to reach their destinations without any conditions whatsoever in regard to their future employment.

ANNEX A

Plan of Regular Swedish Oversea Lines

Line 1.—From Sweden to Australia viâ United States of America coaling port and Panama Canal, and back with wheat from Australia to Sweden, if such cargo available; otherwise with cargo from Australia to United States of America, and from United States to Sweden.

Approximate tonnage for this line, 24,000 tons d. w.

Line 2.—From Sweden to South Africa; from South Africa to India with approved cargo; from India to United States of America with approved cargo, and from United States to Sweden with cargo.

Approximate tonnage for this line, 40,000 tons d. w.

Line 3.—From Sweden to Persian Gulf; from Persian Gulf or India to the United States of America with approved cargo, and from United States to Sweden with cargo.

Approximate tonnage for this line 12,000 tons d. w.

Line 4.—From Sweden to India. From India back to Sweden with cargo under general agreement; failing this, India-America and then America-Sweden.

Approximate tonnage for this line 15,000 tons d. w.

Line 5.—From Sweden to United States and Mexico and back to Sweden with cargo from United States under general agreement.

Approximate tonnage for this line 25,000 tons d. w.

Line 6.—From Sweden to River Plate and back to Sweden with cargo under general agreement.

Approximate tonnage for this line 20,000 tons d. w.

Line 7.—From Sweden to West Coast of South America and back to Sweden with cargo under general agreement.

Approximate tonnage for this line 14,000 tons d. w.

THE FOURTH SCHEDULE

Financial Terms

1. The Swedish Government undertake to arrange, through a group of Swedish banks, a monthly credit of 6,250,000 kronor, to be utilised exclusively for expenditure in Sweden, and not for arbitrage purposes, the credit to be available during the currency of this agreement so long as the quotation for sterling exchange in Stockholm is 17.50 or above that rate, and to be divided between France, Italy, and the United Kingdom in such proportions as may be mutually agreed between them before the 1st August, 1918, any amount within the above total not drawn within a given month to be carried forward, and available if required in subsequent months.

2. The French portion to be arranged through the consortium of French banks concerned in the previous Swedish credit, on terms not less favourable to them than those of the previous credit.

3. The Italian portion to be arranged through the consortium of Italian banks headed by the Banca d'Italia, on terms to be agreed mutually.

4. The British portion to be arranged through Messrs. C. J. Hambro and Son, on the terms following:—

(i) The monthly credit to be made available against Messrs. Hambro's three-year promissory notes, dating from the dates of the respective monthly advances.

(ii) Interest on these notes to be payable half-yearly at the average (calculated *de die in diem*) cash credit rate of the Sveriges Riksbank during the previous half-year, subject to a minimum of 5½ per cent. per annum, and a maximum of 7½ per cent. per annum.

(iii) British Treasury 6 per cent. three-year notes to a face value 20 per cent. in excess of the amount of the loan outstanding to be deposited at the Bank of England, or, if required, at the Sveriges Riksbank, during the currency of the loan as collateral security in the name of the Swedish group of banks, the notes to be payable in Stockholm in kronor, such notes to be unavailable prior to the due date of repayment of the loan for use as collateral by the lenders, except in Sweden.

(iv) Messrs. Hambro's notes and the British Treasury notes, expressed in terms of kronor, to be repayable at their maturity in whole or part at the option of Messrs. Hambro and of the British Treasury either in kronor at Stockholm or by sterling cheque on

London at the average middle rate of the day for the thirty days preceding the due date of repayment as certified by the Bank of England and the Sveriges Riksbank in agreement or in gold delivered at Stockholm at the rate of 2.480 kronor per kilogramme of fine gold less $\frac{1}{4}$ per cent. to cover Mint charges.

(v) Interest to be bonified at 3 per cent. per annum on any sums left temporarily undrawn in the hands of the Swedish banks.

(vi) In lieu of commissions or other charges the Swedish group of banks to participate to the extent of one-third in any exchange profit between the average sterling exchange ruling at the time when the drafts are drawn and that ruling at the time of their final repayment, such profit to be calculated as follows:—

(a) The average rate in each case to be the average middle rate of the day for the thirty days preceding the date of drawing or of repayment as the case may be certified by the Bank of England and the Sveriges Riksbank in agreement.

(b) The assumed average rate at the date of drawing to be subject to a minimum of 15 kronor to £1 sterling.

Advance payments in respect of their share of the exchange profit accruing as above to be made to the Swedish group of banks at the rate of $\frac{1}{2}$ per cent. per annum to be paid half-yearly at each interest date, and to be unreturnable in the event of the exchange profit due falling below the amount of the advances thus made.

5. In the event of the value of the goods rationed under this agreement reaching Sweden over a period of 6 months falling below 50 per cent. of the maximum amounts permitted under the agreement, the Swedish Government shall be free to reopen the question of the amount of the monthly credits to be permitted under (1) above.

6. The Swedish Government undertake to make arrangements with the Trafik Aktiebolaget Grängesberg-Oxelösund to accept payment in respect of the iron ore purchased by the Associated Governments under the agreement subject to the conditions following:—

(a) Half of the provisional kronor invoice in respect of iron ore put free on board ships supplied by buyers to be converted on the last day of the month of shipment from kronor into sterling at the average middle rate of the day for the month in question as certified by the Bank of England and the Sveriges Riksbank in agreement.

In the event of the proportionate monthly contract quantity not being shipped payment to be made in the same manner for half of the provisional invoice on the last day of the following month against certificate of ore in stock at Narvik or at the agreed-on stocking place.

The sterling amount in question in either of the two cases to be invested in British Treasury notes carrying 6 per cent. interest payable half-yearly from the date on which they are taken up, and payable in sterling in London one year after that date, subject to an option to the British Treasury of renewal for a further period terminating on the 1st August, 1920, such notes to be non-negotiable and to be rendered unavailable for use as collateral except in Sweden during the whole of their currency, except in the event of the exchange between London and Stockholm reaching kronor 17.50 to the £ sterling.

- (b) The second half of the provisional kronor invoice to be payable on shipment of the ore against shipping documents or on the 1st August, 1920, whichever shall come first, in kronor in Stockholm or by sterling cheque on London at the average middle rate of the day for the thirty days preceding the date of payment as certified by the Bank of England and the Sveriges Riksbank in agreement, or in gold delivered at Stockholm at the rate of 2,480 kronor per kilogramme of fine gold, less $\frac{1}{4}$ per cent. to cover Mint charges, at the option of the buyer, and to carry interest at 6 per cent., payable half-yearly from the date of payment of the first half of the provisional invoice to the date of payment.

On ascertainment of analysis any balance that may be due, including storage charges to be paid within thirty days of date of bill of lading, or at latest on the 1st August, 1920.

7. The removal of the embargo on Swedish paper and pulp into the United Kingdom, referred to in article 13 of the agreement, shall apply only to such exports in respect of which arrangements can be made with the Swedish exporters of these materials that they will agree that one-half of the purchase price, as fixed in kronor, be converted into sterling at the middle rate of the day for the month as certified by the Bank of England and the Sveriges Riksbank in agreement, and invested in British Treasury 6 per cent. interest notes, with interest payable half-yearly, and the principal payable in sterling in London one year after the date of investment subject to an option to the British Treasury of renewal for a further year, such notes to be non-negotiable and rendered unavailable for use as collateral except in Sweden during the whole of their currency except in the event of the exchange between London and Stockholm reaching 17.50 kronor to the £ sterling. The Swedish Government will instruct the Royal Financial Commission not to object to such arrangements. Alternatively, at the option of the Swedish exporters, the sterling to be placed on deposit with British banks,

on terms to be arranged between the banks and the exporters, for a fixed period of one year, subject to an option to the British Treasury at the end of the year to require that the period of deposit shall be extended for a further year, such deposits not to be used by the exporters for the purpose of obtaining credits from the banks in other accounts, except in Sweden.

8. The Swedish Government undertake to make arrangements for the investment or deposit of one-half of the moneys due for losses of ships under the tonnage arrangement, on the same conditions as those set forth in 7 above in respect of paper and pulp.

9. The Swedish Government undertake to purchase the bread cereals to be imported into Sweden under the agreement, and not paid for prior to its signature, solely from the Inter-Allied Wheat Executive at prices in terms of kronor payable at Stockholm to be agreed upon in advance between the Swedish Government and the Inter-Allied Wheat Executive, and embodied in a formal contract.

FRED LEVERTON HARRIS

J. C. CHARPENTIER

F. GIANNINI

WRANGEL

MARC. WALLENBERG

G. CARLSSON

[MEMORANDUM OF ADHERENCE BY THE WAR TRADE BOARD OF THE
UNITED STATES]

The War Trade Board of the United States, an administrative agency empowered by Executive order of the President to license exports from the United States, whose powers are administrative and pertain wholly to the United States domestic and internal affairs, adheres to the agreement signed this day between the British, French, and Italian Governments on the one hand and the Swedish Government on the other hand, and further agrees to grant licences during currency of this agreement for the articles enumerated in the ration list of this agreement in so far as the same (1) are not required for consumption in the United States or in nations associated with the United States in the War, or to meet other obligation in¹ the United States, and (2) will not directly or indirectly be exported to any country or ally of any country with which the United States is or may be at war so long as the above-mentioned agreement shall remain in force and be observed by the Swedish Government.

L. P. SHELDON,
War Trade Board

May 29, 1918.

¹ See telegram of instruction, May 20, *ante*, p. 1231. War Trade Board's telegram to Sheldon, No. 692, Department's No. 8322, June 19, suggests the word should have been "of." (File No. 658.119/478d.)

COVERING LETTER TO THE SWEDISH AGREEMENT

May 29, 1918.

GENTLEMEN: As you are aware, there are certain matters which have been arranged during the discussions which have taken place between yourselves and the representatives of the Associated Governments but are not specifically included in the text of the agreement, since it has been thought advisable that they should form the subject of a covering letter, though they form part of the arrangements concluded. These matters are the following:—

1. With reference to the ration of bread cereals in the agreement it is arranged that not more than 150,000 tons shall be imported before the 1st October, 1918, and that the remaining 100,000 tons, together with any unimported part of the 150,000 tons, shall be imported on account of the cereal year 1918–19, and that any amount beyond this required for Swedish needs will depend on the 1918 Swedish harvest and the supply of cereals in the parts of the world controlled by the Associated Governments. Within a fortnight after the result of the Swedish harvest has been communicated to the Associated Governments a discussion on the matter will be opened with a view of a settlement at the latest within the succeeding month.

2. Purchases of cereals and fats from the Associated countries or overseas will be made exclusively through the Wheat Executive and the Meat and Fats Executive respectively.

3. The War Trade Board of the United States are prepared, if asked on the conclusion of the agreement, to permit immediate purchase of the following goods: technical oils, 12,000 tons; edible oils, 7,000 tons; lubricants, 7,500 tons; petrol, 5,000 tons; petroleum, 45,000 tons; fuel oil, 9,000 tons; rubber goods, 1,000 tons; sisal fibre, 2,000 tons; copper, 8,000 tons; phosphates, 80,000 tons. The War Trade Board will agree to issue licences for the export of these goods to Sweden in accordance with the quarterly rations.

4. With regard to supplies of coal to Sweden, provision has been made with a view to ensuring the supply of 150,000 tons a month, and the British Government do not anticipate, apart from any unexpected development in the war, that any difficulty will be experienced in the provision of this quantity.

5. As regards articles coming within the list of rationed articles which are at the present time in Sweden in the course of transit to Russia, whether transit licences have been issued for them or not, the Associated Governments will offer no objection to the Swedish Government making arrangements with the consignees or bill of lading holders for delivery of such articles on account of the quarterly rations of such articles.

6. With reference to the export from Sweden of iron and steel, it is understood that the export from Sweden to the Central Powers and their allies (including territories in their occupation) of iron and steel (raw and semi-manufactured) shall not be allowed to exceed 200,000 tons per annum on a quarterly basis, so long as the agreement remains in force, the proportion between iron and steel to be as in 1917.

7. Any proposed export of tool steel containing molybdenum from Sweden to neutral countries shall be the subject of special representation to the representative of the Associated Governments, and sanction for such exports, notwithstanding the terms of the agreement, up to the limit of 1917 quarterly exports, will not be unreasonably withheld.

8. Should it prove to be impossible for Sweden to obtain from Norway all the mica included within the rationed quantity of 40 tons of mica, micanite, and mica manufactures, then importation of any balance unobtainable from Norway may take place from other sources, but mica obtained from Switzerland in these circumstances shall not be taken in transit through Germany or Austria.

9. If the *Trafik Aktiebolaget Grängesberg Oxelösund*, for the purpose of mining the iron ore to be purchased by the Associated Governments, should require materials which it is unable to obtain otherwise, application for special facilities for the importation of such materials will be favourably considered.

10. The Italian Government propose to purchase a yearly quantity of 100,000 tons of iron and steel in Sweden. It is understood that the Swedish Government will grant licences for the export thereof to Italy and will raise no objection to the storage thereof in Sweden.

11. The Associated Governments will be advised to accede to the request which you have made that Sweden should be allowed to import 500 tons of American bacon in exchange for the export from Sweden of 500 tons of Swedish bacon.

12. With reference to your application for facilities for the importation of 5,000 tons of grain for malt for Swedish breweries, this request can be acceded to only if the quantity imported is deducted from the cereal ration.

13. In response to your request that, in view of the necessity of importing into Sweden about 700 tons of sugar-beet seeds, permission should be given to export Swedish seed grain in compensation, the Associated Governments will offer no objection to the importing of such beet seeds from Russia, and should such a course prove to be impracticable, they will be willing to consider a proposal on the lines indicated in your request or on other lines.

14. As regards the rations of tanning materials, leather, &c., the proportions of the tanning materials, which will include chrome, will

be arranged later. Bichromate of any kind will be regarded as equivalent to thirty times the same amount of vegetable tanning containing 30 per cent. tanning; 1 ton of chrome alum shall count as one-third of a ton of bichromate, and 1 ton of chrome sulphate liquor as a sixth of a ton of bichromate.

The following proportionate values are fixed:—

1 ton dried hide=2½ tons wet salted hides.

1 ton dry salted or lime-dressed=1½ tons wet salted hides.

1 ton leather=1 ton wet salted hides.

1 ton boots=1 ton wet salted hides.

15. The arrangements contemplated in the agreement for drawing up a "free list" will be proceeded with forthwith, but in order to avoid delay in the execution and operation of the agreement the settlement of the list shall be postponed until after execution of the agreement.

16. As regards importation of articles into the Associated countries, no discriminating hindrance will be placed on the importation of non-embargoed articles, subject to shipping conditions.

17. It is understood that if a manufacturing plant producing manufactured articles for any of the Associated countries requires imported articles for the purpose of such manufacture, such articles shall not, during the continuance of the agreement, be requisitioned, commandeered, or otherwise diverted or distributed by the Swedish Government, but this shall not apply to food.

18. With reference to the provisions in article 19 of the agreement regarding the importation of balances of rations after the termination of the agreement, the facilities therein referred to are dependent upon the fulfilment of the terms of the agreement up to the date of termination.

We shall be glad, for the purpose of record, if you will confirm in writing the arrangements stated in this letter.

Yours sincerely,

FRED. LEVERTON HARRIS
J. C. CHARPENTIER
F. GIANNINI

To the Swedish Delegates.

[ACKNOWLEDGMENT OF COVERING LETTER]

FOREIGN OFFICE, *May 29, 1918.*

GENTLEMEN: We have to acknowledge the receipt of your covering letter to the Swedish agreement of this date setting out arrange-

ments made between us which are not specifically included in the text of the agreement.

Yours sincerely,

WRANGEL
MARC. WALLENBERG
G. CARLSSON

To the Representatives of the Associated Governments.

[SUPPLEMENTARY LETTERS]

Letter No. 1

FOREIGN OFFICE, *May 29, 1918.*

DEAR M. WALLENBERG: With reference to article 5 of the agreement, the Associated Governments have no intention of discriminating against persons, firms, and companies (other than those with whom their subjects are prohibited by law to trade, to whom reference will be made later) on the ground that they have exported to the Central Powers and their allies; and unless they have violated undertakings or guarantees given to any of the Associated Governments or have deceived, or made false statements in order to deceive, the authorities of any of the Associated Governments, or have evaded, or attempted to evade, the restrictions of their own country at such a time or in such circumstances that they can not be considered as trustworthy, they will enjoy all the facilities afforded by the agreement with the Swedish Government; and the Associated Governments are prepared immediately, in co-operation with the representatives of the Swedish associations, to revise the names of persons, firms, and companies in Sweden (other than those to whom reference is made below) to whom at the present time objection is taken, and to eliminate all who do not fall within the category mentioned. The revision will take place in London by confidential discussion between a British representative of the Associated Governments and a representative of the Swedish office in London. All future cases will be dealt with in the same way, and the Associated Governments will be prepared to review the names at any time by the same means with a view to the further elimination of persons, firms, or companies on whose behalf a good case is made out for their elimination.

As regards persons, firms, or companies in Sweden with whom dealings are forbidden by law under severe penalties, the Associated Governments cannot alter the existing laws by which dealings with such persons are forbidden, but they are prepared to apply to these also the provision for confidential discussion above stated.

We may add that arrangements of the nature described exist with regard to other countries than Sweden, and have been found in practice to work quite satisfactorily and without friction.

Yours sincerely,

F. LEVERTON HARRIS

Letter No. 2

FOREIGN OFFICE, *May 29, 1918.*

DEAR M. WALLENBERG: As you are aware, the agreement with the Swedish Government is made on the condition that the exports to Germany of iron ore in June 1918 shall not exceed such exports in June 1917, and that the proportion of iron ore low in phosphorus shall not exceed 12½ per cent of each category; that the figures of June exports to Germany will be given to the Associated Governments by the 1st August, 1918, and if the above figures have been exceeded they shall have the right up to the 1st September to denounce the agreement, unless satisfactory arrangements are made for the adjustment of the excess in the exports of iron ore to Germany during the following months.

Yours sincerely,

F. LEVERTON HARRIS

Letter No. 3

FOREIGN OFFICE, *May 29, 1918.*

DEAR M. WALLENBERG: It is desirable that there should be put on record your statement to me which forms part of the arrangements concluded by the agreement, that the Swedish Government during the continuance of the agreement will not permit the transit through Sweden of molybdenum or mica or any articles containing molybdenum or mica.

Yours sincerely,

F. LEVERTON HARRIS

Letter No. 4

FOREIGN OFFICE, *May 29, 1918.*

DEAR M. WALLENBERG: I have consulted the coal authorities and I find that they will license 60,000 tons of furnace coke and 20,000 tons of steam coal per annum for the Stora Copparberg Bereslags Aktiebolaget while the agreement is in force.

Yours sincerely,

F. LEVERTON HARRIS

Letter No. 5

FOREIGN OFFICE, *May 29, 1918.*

DEAR M. WALLENBERG: I do not think you need have any apprehension about your cereal supplies for 1918-19. It will be our intention to treat Sweden in a really liberal manner provided there are sufficient supplies of grain available for the Allies' requirements, and, as to this, present indications show that there is likely to be ample.

Of course should your Government not be satisfied with the arrangements which will be made, they can always give notice to terminate the agreement, though I feel quite confident that there will be no chance of them being dissatisfied.

Yours sincerely,

F. LEVERTON HARRIS

Letter No. 6

FOREIGN OFFICE, *May 29, 1918.*

DEAR COMMANDER LEVERTON HARRIS: I am in receipt of your letters Nos. 1, 2, 3, 4, and 5 of this date on behalf of the Associated Governments, and on behalf of the Swedish delegates I accept the statements and arrangements mentioned in your letters.

Yours sincerely,

WRANGEL ¹

Letter No. 7

FOREIGN OFFICE, *May 29, 1918.*

DEAR M. CARLSSON:

Swedish tonnage agreement

As arranged during our discussions in regard to the Swedish tonnage arrangement, I now write to offer explanations on behalf of the Associated Governments as to the interpretation and application of certain of the clauses of the agreement.

Clause 2. By the word "suitable" in the first line the Associated Governments do not wish it to be understood that they expect liners or vessels of high class to be time-chartered to them for service within the war zone under this clause. They do, however, expect that you will propose a list of vessels to be agreed upon under the clause, the representatives of the Associated Governments reserving the right

¹ This signature in the American print and in telegram from the War Trade Board representative, No. 688, Embassy's No. 10359, May 31 (File No. 658.119/410) is given as "Wallenberg."

to object to any particular vessel as not being fit for the carriage of ordinary cargo, and stating their reasons.

Clause 3. The explanations of the preceding paragraph apply equally to the use of the word "suitable" in this clause.

No mention is made in clauses 2 and 3 of the arrangement of the vessels that have been requisitioned by the Associated Governments. It is, however, understood by the Associated Governments that the Swedish tonnage requisitioned by the French Government and now afloat, amounting to about 12,000 tons, will be deducted from the 200,000 tons to be chartered to the Associated Governments for service outside the war zone.

As regards these two clauses, it is understood that on the expiry of six months from the signature of this agreement, and at the expiry of each succeeding period of six months, it shall be open to either party to raise the question of revising the rates and values on the ground of a general change in the cost of running ships or in values.

It is also understood that, should the Associated Governments find it necessary for any reason to requisition any Swedish tonnage after the signature of this agreement, such tonnage shall be deducted from the 400,000 tons referred to in clauses 2 and 3, according to the class in which the vessels were in fact employed.

The term "approved cargo" in clause 4 does not bear the special meaning applied to the same expression in connection with the North Sea freight regulations, but refers to cargo of Swedish origin, accompanied by a Swedish certificate of origin. Such cargo will not be disapproved solely on account of its special nature.

Clause 9. The Associated Governments understand that cargo space equivalent to at least 50 per cent of all Swedish vessels calling in the United States on the outward journey shall be made available by Sweden for the carriage of approved cargo from the United States to ports in the country to which the vessel is destined.

Clause 11. It is understood that the expression "all ships trading in accordance with the provisions of this arrangement" means all ships belonging to owners trading under the control of the Swedish Shipowners' Committee and obeying their instructions, and that the Associated Governments are not bound to give these facilities to ships belonging to owners not so trading, except in so far as the ships may be requisitioned by the Swedish Government for the carriage of supplies to Sweden.

Clauses 11 and 13. The provisions as to vessels not being held up in Sweden, and as to the total tonnage in Swedish ports not exceeding a certain specified quantity, will only be invoked by the Associated Governments if there is a marked tendency to accumulate tonnage in Sweden.

Clause 14, last paragraph. The Associated Governments will not insist on the provision that 75 per cent of the ships must be delivered within six weeks of the signature of the agreement, so long as charters for the whole of the ships are signed for delivery within two months of the signature of the agreement and the vessels are in fact delivered within those two months or one or two weeks thereafter.

Believe me

Yours sincerely,

F. LEVERTON HARRIS

Letter No. 8

CARLTON HOTEL, PALL MALL, *May 29, 1918.*

DEAR COMMANDER LEVERTON HARRIS: I beg to acknowledge receipt of your favour of the 29th instant, contents of which have my best attention, and which I find in order.

However, as regards your remarks under clause 9, it must be understood that the stipulation regarding cargo space equivalent to at least 50 per cent of all Swedish vessels calling in the United States of America for bunkers on their outward voyages is only applicable provided the space should not be required for approved Swedish cargo.

I also take this opportunity of confirming the following items, which have been agreed upon between us:—

1. The proposed clause 5(b) in the tonnage arrangement relating to further licences for tonnage in Allied interest must, for reasons which you know, be deleted. In view of this, any tonnage under the control of the Committee which should not be required for the carriage of goods to Sweden, as provided for under the general agreement, or otherwise approved by the Associated Governments, and not coming under clauses 2, 3, 4, and 5, will be put on one of the regular Swedish oversea lines referred to in clause 4 as may be nominated by His Britannic Majesty's Government in agreement with the United States Government authority, or if no cargo should be available on these lines, I undertake to recommend and try to arrange that the Swedish Government will grant licences voyage by voyage for trading for the Commission for Relief in Belgium, or for the Swiss Government.

2. Should there be any serious complaints against the masters of any of the vessels chartered under clauses 2 and 3 under the arrangement for failure to comply with orders, or for misconduct, the Committee will see that the master in question is removed unless satisfactory explanation can be given after the Swedish Shipowners' Committee's representative in London has had an opportunity of investigating the matter.

3. It is not the intention of the Committee to let any steamers under their control be laid up, unless when required for repairing purposes; but, on the contrary, the intention is that all the tonnage under their control is to be kept in traffic in accordance with the terms of the general tonnage arrangement between the Associated Governments and the Committee.

I am, dear Commander Leverton Harris,

Sincerely yours,

G. CARLSSON

Acknowledgment of Letter No. 8¹

[*May 29, 1918.*]

DEAR MR. CARLSSON: I beg to acknowledge on behalf of the Associated Governments the receipt of your letter No. 8 of to-day's date in regard to certain questions connected with the operation of the Swedish tonnage arrangement. I am to express my concurrence in the points contained therein.

Believe me,

Yours sincerely,

F. LEVERTON HARRIS

Letter No. 9¹

LONDON, *May 29, 1918.*

DEAR COMMANDER LEVERTON HARRIS: According to article 19 of the agreement this comes into force on the 1st June. Licenses not corresponding to the terms of the agreement have, however, been granted for goods which, under the agreement, would be considered to be "articles similaires," and these are valid some time after the said date.

Such licences cannot be cancelled in cases where the compensatory commodities already have been obtained, and there are other instances where they cannot be cancelled without causing great inconvenience and difficulties to Sweden.

The arrangement now made constitutes certainly a considerable change in the commercial policy of Sweden, a change which forcibly may create a kind of "interregnum" during the first time. I do hope that the Associated Governments will take this into consideration and indulgently deal with any unavoidable infringements which are sure to occur.

¹ Contained in neither the British nor the American print; given in telegram from the War Trade Board representative, No. 689, Embassy's No. 10363, May 31 (File No. 658.119/409).

With regard to restrictions in the agreement concerning the export of certain goods of Swedish origin to Norway and Denmark, I do hope that you will kindly confirm that applications for dispensation from the said restrictions will be favourably considered by the Associated Governments in all cases where such dispensations are desirable for the continued exchange of commodities between the Scandinavian countries.

Yours sincerely,

MARC WALLENBERG

Letter No. 10

FOREIGN OFFICE, *May 29, 1918.*

DEAR M. WALLENBERG: I am much obliged to you for your letter of to-day. You may take it from me that it is our intention to carry out the Swedish agreement in a very liberal spirit, and we feel sure that your Government intend to do the same.

We recognise that there must be a short interregnum before the agreement can come into full operation, and we are quite willing in those cases where licences have already been granted for export to Germany of goods which might be considered "articles similaires" in exchange for compensatory commodities which have already been obtained, or where there are special reasons for not cancelling the licences, not to raise any unreasonable objections to the export of those goods.

As I explained to you the question is really one of degree. We shall of course expect the Swedish Government only to permit the export of goods in cases where the interests of the Allies will not be seriously prejudiced.

So far as concerns the export of certain goods of Swedish origin to Norway and Denmark, you may rely upon our considering any applications in the most favourable spirit.

May I take this opportunity of expressing to you my sense of great appreciation for the manner in which you and your colleagues have conducted these long negotiations, and at the same time offer you my congratulations on the result which has now been obtained.

It has been a very great pleasure to me and my colleagues to have had the good fortune of conducting negotiations with such able and fair negotiators. I firmly believe that the agreement which is now about to be concluded will prove of great mutual advantage both to your country and to the Allies.

Believe me [etc.]

F. LEVERTON HARRIS

File No. 658.119/417

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, June 4, 1918, 5 p. m.

[Received 9 p. m.]

10429. War Trade Board [from Sheldon]:

No. 719. Your 592, Department's 8045, June 1.¹ I have talked with the Foreign Office about their views on the necessity of replacing ships coming out from Sweden, against those vessels that would be leaving the United States with *modus vivendi* cargoes. In their opinion, as soon as the Swedish agreement is ratified all such movements will coalesce into the arrangement under the tonnage agreement and, while from some points of view this might be undesirable, the Foreign Office believes that we should be prepared to carry out the tonnage agreement in a generous spirit. I concur in this view.

Would point out that there will be little danger in allowing ships to depart from the United States, for if there were unwarranted delays in the signing of charters and delivery of boats under the agreement the movement could be immediately stopped. I think it is very important that no undue difficulties should be put in the way, and would point out that rightly or wrongly the Swedes have felt that undue pressure was being brought to bear on your part, only recently, to time-charter boats for four months in spite of the fact that you had consented to the interpretation of the original *modus vivendi* contract that the Swedish Government agreed to grant licenses but not to guarantee four months' charters.

Please cable me your views on the foregoing points.

LAUGHLIN

File No. 658.119/407

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, June 13, 1918, 7 p. m.

8222. For Sheldon [from War Trade Board]:

No. 652. Referring further Embassy's 10364, May 31, 3 p. m., your 690.² The following note was delivered to the Swedish Minister by the Department on June 10:

Referring to our conversation of Thursday morning and in order that there can be no further misunderstanding on the subject of the shipping agreement, I beg to say that the War Trade Board does not insist on the four months' charter of the replacing vessel which

¹ Not printed.² Not printed; see the foregoing telegram.

come from Sweden under the *modus vivendi*. The Board merely insists that the replacing ships shall leave coincidentally with, or prior to, the departure from the United States for Sweden of the boats operating under the *modus vivendi*.

LANSING

File No. 658.119/421

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, June 14, 1918, 4 p. m.

8244. For Sheldon [from War Trade Board]:

No. 671. Embassy's 10431, June 5, 11 a. m., your 721.¹ Until the permanent Swedish agreement is ratified by the Swedish Government we must, of course, continue to operate under the *modus vivendi* and will continue to allow vessels to leave the United States whenever compensation ships from Sweden are named and sail for this side. We are now working on matter of *Sydic* and other boats available for South America.

LANSING

File No. 658.119/440

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, June 14, 1918, 6 p. m.

[Received June 15, 3.26 a. m.]

10639. War Trade Board [from Sheldon]:

No. 798. I am informed that the Swedish Government expect to ratify today agreement dated May 29. Referring to your 652, Department's 8222, June 13, I would call attention to my telegram No. 719, Embassy's 10429, June 4. I think you must agree that the requirement of replacing ships under the terms of the *modus vivendi* [is] no longer operative. I have a telegram this morning from Owen in which he states that he advised the Foreign Minister in Sweden on June 10 that releasing ships should be named until such time as the full amount of tonnage mentioned in the agreement should be delivered. Please inform me whether you sent such instructions to Stockholm, and if this is the case I would suggest that in future you send me copies of instructions so that I may be advised myself and in turn advise the Foreign Office of your attitude regarding matters in which they are interested through agreement signed jointly.

For your information, the charters of 30 boats under the Swedish agreement are ready to be signed as soon as the agreement is rati-

¹ Not printed.

fied, and I have no doubt that additional charters will be presented to you for signature on your side, especially for non-war-zone boats. I think this is an indication that the Swedes will be prompt in signing the charters for the full amount of 400,000 tons and in delivering the boats in accordance with the terms of the agreement. I therefore recommend that you do not insist on replacing vessels being named either according to the terms of the *modus vivendi* or in accordance with the notification mentioned above that Owen made to the Swedish Foreign Minister. The risks we run in letting vessels leave without the corresponding tonnage leaving Sweden are very small, for should there be a marked tendency on the part of the Swedes to move boats back to Sweden without free movement of boats from Sweden, this would indicate that the agreement was not being lived up to and it would then be possible to bring the boats coming from the other side into British port. I would like you to cable me quickly what attitude you will adopt, as the note in your telegram No. 652 of June 13 will no longer be applicable owing to the nonexistence of the *modus vivendi* once the general agreement is signed.

LAUGHLIN

File No. 658.119/445

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, June 15, 1918, 5 p. m.

[Received June 16, 4.35 p. m.]

2308. The Minister of Foreign Affairs last evening gave me the following note of ratification by the Swedish Government of the recent agreement between Sweden and Allies, and asked me to transmit same to you immediately. I would call your attention to the latter part of the note in which the Swedish Minister requests confirmation by our Government of the War Trade Board representative's adherence to the agreement:

Mr. Minister: I have the honor to inform you that the Royal Government, having seen and examined the arrangement concerning the commerce and navigation of Sweden and the financial questions connected therewith, which was signed in London on May 29 last by the War Trade Board of the United States of America, has approved and ratified the said arrangement to the end that it may become operative and be carried out as drawn and stated on condition, nevertheless, of a corresponding declaration on the part of the said Government.

Consequently, Mr. Minister, I ask you to have the goodness to send me a declaration from your Government, expressing its intention to observe the stipulations of the agreement on the terms of the above-mentioned adherence.

A note was also delivered to the British, French, and Italian Ministers at the same time.

MORRIS

File No. 658.119/446

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, June 15, 1918, 6 p. m.

[Received June 16, 7.13 p. m.]

2309. When the Foreign Minister handed me the note referred to in my 2308, June 15, 5 p. m., he also gave me the following note which I send herewith without comment:

One of the letters which were exchanged by the delegates, letter No. 7 of Mr. Leverton Harris to Mr. Carlsson,¹ contains in regard to clause 3 the following passage: "It is understood, etc." Although I have been told that Mr. Carlsson suggested this passage, I feel it my duty in order to avoid all misunderstanding to make expressly this reserve, that the Swedish Government in adhering to the arrangement did not intend in any way to recognize the right of the Associated Governments to make such a requisition. I will be grateful if you will kindly bring the statement to the knowledge of the Associated Governments.

A similar note at the same time was handed to the British, French, and Italian Ministers to be sent to their respective Governments.

MORRIS

File No. 658.119/457

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, June 20, 1918, 5 p. m.

[Received June 22, 12.30 a. m.]

2342. In reference to my 2308, June 15, 5 p. m. and 2309, June 15, 6 p. m. Swedish Government is awaiting written reply from the Associated Governments that the agreement as ratified by Sweden is satisfactory. The Italian Minister has received word from his Government that same is satisfactory but to wait informing the Swedish Government until the other Allied representatives here did the same. The British Minister received word from his Government that the agreement having been signed in England with full powers by their delegates, no further action on their part is necessary after ratification by Swedish Government and has so informed the Swedish Foreign Minister. I am therefore awaiting authority from you regarding this matter and would call to your attention that the Swedish Government has been expecting to hear from me.

MORRIS

¹ Ante, p. 1269.

File No. 658.119/483a

The Secretary of State to the Minister in Sweden (Morris)

[Telegram]

WASHINGTON, June 24, 1918, 10 a. m.

882. For Owen [from War Trade Board]:

No. 20. Your 2270, June 11, 4 p. m.¹ Delay to any Swedish steamers here was caused by the action of Swedish Government in failing to name compensation ships as provided for in clause 10 of the *modus vivendi*.

We have just received the cabled advice that Sweden has ratified the permanent agreement and are hastening at once to free the Swedish vessels now loaded with rations here, which will count as part of the rations under the agreement just now become effective by Sweden's ratification.

In view of statement of Swedish representatives here that the *Indianic* and *Australic* are to proceed on Line 1 to Australia, we will allow these vessels to proceed.

LANSING

File No. 658.119/338

The Secretary of State to the Swedish Minister (Ekengren)

No. 436

WASHINGTON, June 26, 1918.

SIR: I have received your note of April 30 last, acknowledging the receipt of a communication expressing this Government's decision, reached after the most careful and thoughtful consideration, that article 17 and article 12 of the Swedish-American treaties of 1783 and 1827, respectively, had no application to the delay in American ports caused to the Swedish motor ships *Kronprins Gustaf Adolf* and *Pacific* on account of difficulty in obtaining export licenses for quantities of bunker oil carried on board the ships on their arrival in America. In this relation you state that the Swedish Government's view concerning the application of the articles of the treaties in question is the opposite of that held by this Government, and you ask, accordingly, for a statement of the reasons for the apparent difference in the interpretation of the treaty stipulations by the two Governments in this case.

I have the honor to state, in reply to your communication, that article 17 of the Swedish-American treaty of 1783, while forbidding both the laying of an embargo and the detention of ships, vessels or merchandise in general "by seizure, by force or by any such manner," does not appear to place the United States under obliga-

¹ Not printed.

tion to refrain from applying general regulations for the control of commodities exported from or taken out of this country, to the Swedish motor ships in question.

An embargo has been defined by M. Calvo, as you are informed, as a prohibition of leaving, generally applied to merchant ships, and usually imposed in order that the ships may be employed in the service of the nation laying the embargo, or that they may hinder and obstruct the operations of the enemy. You will not fail to perceive, therefore, that no embargo has been laid upon the ships *Kronprins Gustaf Adolf* and *Pacific*. Moreover, this Government has not prohibited the sailing of the ships in question, nor has it prohibited the exportation of the bunker oil which they carried. It has merely required, for reasons which will readily occur to you, the licensing of all commodities desired to be removed from the jurisdiction of the United States. The law on this subject makes no distinction between the exportation of an article of commerce and the taking out of an article which has never been entered at a customs house of the United States and never left the ship on which it came into the territorial waters of this country. It is obvious that there is a wide distinction between necessary compliance with the licensing regulations of the United States relating to articles of commerce exported or taken out of the jurisdiction of the United States, and detention, "by force, by seizure or by any such manner," under article 17 of the treaty of 1783.

I have the honor further to state that this Government, after careful consideration of the provisions of article 12 of the treaty of 1827, is constrained to the opinion that no part of this article can be considered to have been intended to apply to cases such as those of the two ships in question, and that a construction of the several provisions of the article makes it appear that the provision according to vessels the privilege of freely departing refers to departure free of a duty on that portion of the cargo not landed, and not to departure free of commercial regulations, quarantine regulations, port charges and similar restrictions. This construction is made more certain by the fact that the subject of port charges appears to have been dealt with independently in the concluding provision of the same article.

In conclusion I may add that it is understood that certain of the co-belligerents of the United States in Europe having similar treaties with Scandinavian countries, negotiated a century or more ago and intended to cover situations then in contemplation but quite different from those presented by present-day conditions of commerce and shipping, do not regard them as applicable to cases similar to those under discussion.

Accept [etc.]

ROBERT LANSING

File No. 658.119/454

The Secretary of State to the Minister in Sweden (Morris)

[Telegram]

WASHINGTON, June 26, 1918, 4 p. m.

894. Legation 2308, June 15, 5 p. m., and Legation 2342, June 20, 5 p. m. You will present to the Minister of Foreign Affairs a note and enclosure in the following terms:

I have the honor to acknowledge receipt of your note of June 14 in which you advise me that your Government has ratified and approved the agreement signed at London on May 29 by representatives of the Governments of Sweden, Great Britain, France, and Italy. I am instructed by my Government to advise you that the Secretary of State of the United States has received from the chairman of the War Trade Board of the United States a communication of which a copy is enclosed herewith. I take this occasion to express my gratification and that of my Government at this conclusion of the negotiations which have been pending.

The following is the text of the communication which is to constitute the enclosure above referred to:

June 26, 1918.

The Honorable the Secretary of State,
Washington, D. C.

Sir: Referring to the agreement dated May 29, 1918, between the Government of Sweden on the one hand and the Governments of Great Britain, France, and Italy on the other hand, I have the honor to inform you that the War Trade Board of the United States, an administrative agency acting pursuant to authority conferred upon it by the President of the United States pursuant to acts of Congress, will, so long as the agreement shall remain in force and be observed by the Swedish Government, grant licenses in accordance with the terms of said agreement and in particular will grant export licenses covering the commodities enumerated in the first schedule of the agreement, in so far as the commodities (1) are not required for consumption in the United States or in nations associated with the United States in the present war or to meet other obligations of the United States, and (2) will not directly or indirectly be exported to any country or ally of any country with which the United States is or may be at war.

I am [etc.]

V. C. McCormick.

LANSING

File No. 658.119/490

The Swedish Minister of Foreign Affairs (Hellner) to the Secretary of State

STOCKHOLM, June 4, 1918.

[Received June 27.]

Sir: I hereby have the honour to bring to Your Excellency's notice that His Majesty's Government have decided to send Mr. A. R.

Nordvall to Washington in the capacity of a commissioner of His Majesty's Government to the United States of America.

As Your Excellency would remember, my predecessor in the office of Minister for Foreign Affairs had the advantage to introduce Mr. Nordvall to Your Excellency on the occasion of the latter's visit to Washington as a delegate of His Majesty's Government for certain commercial negotiations.

Mr. Nordvall is now proceeding to the United States with a commission to organize the purchase of goods for export to Sweden in conformity with the recently signed general agreement between Sweden and the United States and their allies and to negotiate for the granting of licences for facilitating the export of such goods and to deal with other matters in connection therewith.

I allow myself to take this opportunity of saying that His Majesty's Government would feel most particularly obliged, if also on this occasion Your Excellency would extend to Mr. Nordvall the same kindness and courtesy as was continuously shown him on his previous visit to the United States.

I have [etc.]

HELLNER

Protest of the American Government, September 20, against Swedish Exports to Germany in Contravention of the Agreement—Participation of the United States in the Purchase of Swedish Iron Ore and Norwegian Molybdenum

File No. 658.119/576

The Chargé in Sweden (Whitehouse) to the Secretary of State

[Telegram]

STOCKHOLM, August 22, 1918, 10 p. m.

[Received August 23, 8.10 a. m.]

2694. On August 20 Mr. Marcus Wallenberg at the request of Swedish Prime Minister informed British Minister of the following:

The Swedish Government made a coal arrangement with the German Government in April, to continue till the end of September, by which certain articles whose export is prohibited by the London agreement were to be exported to Germany. Under this arrangement Sweden was to receive 150,000 tons of coal monthly and in return was to give monthly export licenses for 25 tons impregnated canvas and 50 tons animal hair, as well as certain ores and slags. Wallenberg explained that the impregnated canvas belonged to stocks which Germans had held in the country for a considerable time past, while the animal hair was of Swedish origin. Further they were to give licenses for 3,500,000 kroner worth of wood pulp, amounting to about 100,000 tons, up to October 1, and for 3,000,000 kroner worth of spinning paper, amounting to about 27,690 tons, of which 14,000 tons was exported up to the beginning of August. About 6,000 tons of other paper has also been exported during the same period. The

Swedish Government now desire to export in compensation for coal received the balance of the spinning paper, making in all 27,690 tons, and to spread this remainder out over a period of a further six months until April 1, 1919.

The pulp exported [until] now under coal arrangement is already in excess of the quarterly amounts fixed by London agreement,¹ but the yearly export may in the opinion of the Swedish Government be brought within limits so fixed by also spreading the remainder over a further six months.

Mr. Wallenberg, on behalf of the Swedish Government, expressed the hope that such an arrangement with reference to the pulp and spinning paper would meet with the requirements of Associated Governments and that the export of these goods could thus be arranged so as to fit in with the London agreement. As regards the exports of canvas and hair, Mr. Wallenberg referred to letters 19 and 20 [9 and 10²] attached to London agreement which were exchanged between himself and Commander Harris and according to which certain licenses [were] already granted Germany for goods to be given in compensation for goods received from Germany. Mr. Wallenberg informed him officially of an arrangement also made in April between the Storakopparberg Company, of which he is chairman, and the German Government for the export of 40,000 tons pyrites annually to Germany in return for coal and coke required by the company. License for the whole 40,000 tons had been granted in April by the Swedish Government but Mr. Wallenberg said that he had [not] been informed of this in London or he would certainly have communicated it to the Allied negotiations and endeavored to secure a settlement.

Twenty-five thousand tons of these pyrites had been exported to Germany from the beginning of May up to now, but the Swedish Government would give assurances that this export would now altogether cease, although this would mean a very serious loss to the company which would hardly be able to carry out work at their iron foundries without German coke. Though chairman of the company, he had thought it his duty to urge on the Swedish Government the cessation of this export so as not to produce a conflict with the London agreement.

Mr. Wallenberg promised to hand British Minister a memorandum which was received yesterday and of which the following is a summary:

Owing to prolonged negotiations in London it was impossible for Swedish Government to curtail export to Germany of several articles merely on a presumption that proposed agreement might contain restrictions in regard to such export. Before conclusion of the agree-

¹ *Ante*, p. 1240.

² *Ante*, pp. 1272, 1273.

ment the Swedish delegates in London strongly emphasized the difficulties which would arise during the first months after the agreement came into operation, as contracts would have been made and licenses granted with the sanction of the Swedish Government. It is especially the coal agreements with Germany which bind Sweden to deliver various articles and make it impossible for her to fulfill strictly the agreement of May 29, before several months reorganization elapsed.

According to article 13 of the agreement, the export to the Central Powers of pulp and paper is limited with a further restriction that "the quantity of each in any one quarter shall not be greater than the quantity of each which has been exported in the corresponding quarter of 1917." As regards pulp, the figures for the quarter June to August, 1917, are so low that it will be absolutely essential to combine them with the figures of the next quarter in order to be able to fulfill the contracts made with Germany. It would greatly help Sweden if henceforth the restrictions of paper and pulp exports could be calculated half yearly instead of quarterly.

Sweden would also desire to be entitled to make sulphite and sulphate interchangeable with the restriction that the stipulated quantity of sulphate will not be exceeded.

Concerning paper, quarterly exports in 1917 are more equally divided, but in order to be able to fulfill previous arrangement with Germany, Sweden desires the half yearly instead of quarterly calculation, and the same applies to the reduction of textile rations.

Under the general agreement exportation of pyrites to Central Powers is prohibited. The memorandum then refers to the Stora-kopparberg contract with Germany for 40,000 tons of pyrites, and states that after the agreement was ratified the Government informed the company that the export of pyrites must cease. The Swedish Government has granted the export of in all 25,000 tons of pyrites of which about 18,000 tons were shipped before the ratification of the agreement, and the company now desires to fulfill the whole contract and export 15,000 tons more, pointing out the disastrous position in which it will be [placed] by not receiving German coals in the future, as the company cannot be run on English coal, the price being prohibitive.

In order to comply with arrangements made in connection with delivery of coal and in compensation for other articles already obtained, Sweden has to send to Germany articles, a list is here given, of which following are the most important items: manganese ore 2,500 tons, cinders 6,950 tons, sulphuric acid 15 tons, matte containing 7 per cent of copper and 7 per cent of nickel, 150 tons. Copy to London.

WHITEHOUSE

File No. 658.119/575

The Chargé in Sweden (Whitehouse) to the Secretary of State

[Telegram]

STOCKHOLM, August 22, 1918, 11 p. m.

[Received August 23, 1.05 p. m.]

2695. My colleagues and I having examined the memorandum referred to in my 2694, August 22, 10 p. m., decided that it contained information of so serious a nature that pending instructions from our Governments on the subject we ought at once to hand to the Prime Minister the following collective note:

After having taken cognizance of the *pro memoria* handed in the name of the Royal Government by Marcus Wallenberg to Sir Esme Howard¹ and of the verbal explanations given at the same time, the undersigned Ministers have the honor to inform the Royal Government that they have drawn the attention by telegraph of their respective Governments to the facts exposed in this document, facts which seem to them to constitute a grave prejudice to the London agreement of May 29 last.

While waiting to make known the opinion of their Governments in this regard the undersigned Ministers believe it their duty to express the firm hope that the Royal Government will completely abstain from any act incompatible with the letter and spirit of the abolition of [*aforesaid?*] agreement.

The Prime Minister after reading the note first of all pointed out that the words "grave atteinte" seemed to him more serious than the occasion warranted. He explained the point of view of the Swedish Government in the negotiations as both he and Mr. Wallenberg had done before stating that the Government had been compelled to make an agreement with the German Government in order to obtain the coal they required, and that having made this agreement and issued licenses accordingly they considered that they were covered by the terms of letters 19 and 20 [*9 and 10*] and could export the articles for which licenses had been granted without contravening the London agreement. We replied, without wishing to impugn the good faith of the Swedish Government, we considered that it would only have been proper on their part to inform the Associated Governments when they signed the agreement containing these letters of the nature of the obligations they had entered into with the German Government and we contested the right of the Swedish Government to interpret letters 19 and 20 [*9 and 10*] as giving them the right to export goods prohibited by the London agreement without coming to a previous understanding with our Governments.

We pointed out that instead of doing this the Swedish Government had only notified us of these exports after a great many had

¹ British Minister to Sweden.

been made and nearly three months after the signature of the London agreement. The Prime Minister replied that the Swedish Government had always intended to give us this information but that it had taken the Handels Kommission up to last week to get the exact figures, and he again referred to the fact that it was recognized on both sides in London that there must be a transitory period before the provisions of the agreement could actually be enforced. He claimed that such difficulties were inevitable in the beginning of an agreement, which to a great extent altered the whole course of trade and referred to the delays in the export of goods from the United States to which Sweden was entitled under the agreement such as copper and oils and the difficulty being experienced by the steamer *Stockholm* in obtaining the cargo for which she was sent.

Returning to our note we asked if the Swedish Government intended to export the remainder of the goods mentioned in their memorandum which had not yet left for Germany. He replied that the Swedish Government must fulfill their obligations in this respect, except for the pyrites which was only a private agreement. He ended by advocating [*adjuring?*] us not to aggravate the [incident] but to endeavor to persuade our Governments to come to an understanding which would enable the Swedish Government to carry out its intention of loyally executing the agreement in every respect.

We consider that these explanations of the Prime Minister cannot be accepted as satisfactory as it appears that the Swedish Government were, firstly, making an agreement with our enemies which was in conflict with the agreement they were at the time negotiating with us, secondly, carrying out the conditions of the German agreement and keeping back all information about it for nearly three months after which they place before us a *fait accompli*.

While we consider that it is not in our interest to take any action which would lead to the abandonment of the [agreement, we should protest] to the Swedish Government in such terms as will deter them from similar agreement in the future and make them understand we are not to be trifled with.

We consider that we should be authorized to hand in a collective note on the following lines:

After a short recapitulation of what has occurred we might state that while we have no doubt of the good faith of the Swedish Cabinet we regret to state that their action in the matter has produced a most unfavorable impression.

Secondly, that in these circumstances it is [not?] advisable [for] Associated Governments to agree to the demands put forward in favor of further exports to our enemies in the memorandum submitted by the Handels Kommission on July 11 and in the memorandum under reply.

Thirdly, that we should demand as a reparation that the two steamships *Otago* and *Edmond-Gustave* which have been bought by Swedes from English and French owners respectively since the beginning of the war and are still under the British and French flags be time-chartered to us for the duration of the war over and above the 4,000,000 [400,000] tons of the tonnage agreement and be granted passage through the Kogrund channel.

Fourth, that before the end of each month we should be supplied with full export statistics with country of destination of the preceding month, failing which we shall be compelled to cease exports to Sweden in the measure which circumstances may demand.

Fifth, we might also ask to have officially communicated to us the text of the German coal agreement and the text of any arrangement made with the German Government regarding safe conducts.

I respectfully suggest that I may be authorized to join my colleagues in making a reply in the above sense. Embassy at London has received copies of this and preceding telegram.

WHITEHOUSE

File No. 658.119/582

*The Secretary of State to the Chargé in Sweden (Whitehouse)*¹

[Telegram]

WASHINGTON, September 5, 1918, 3 p. m.

1077. Legation's 2694, August 22, 10 p. m., Legation's 2695, August 22, 11 p. m., Legation's 2696, August 23, 5 p. m., and Legation's 2714, August 26, 5 p. m.² The subject of Swedish violation of agreement not to export to Germany has received most serious consideration of Department and War Trade Board, with whom Morris has conferred. Department approves delivery of note set out in Legation's 2695. The questions raised are such and possible consequences are so serious that it is not felt that any definite action should be taken prior to the Swedish Government furnishing full information as to its previous exports, and existing commitments to export, to Germany.

You will, therefore, address a note to the Minister of Foreign Affairs or to the Prime Minister stating in substance that the facts which have been developed relative to Swedish exports to Germany in contravention of the terms of the agreement of May 29 last are regarded by the Government of the United States in a most serious light; the Government of the United States reserves, however, final decision as to the attitude which it will adopt pending the receipt of

¹ Repeated on the same date, by telegram No. 1191, War Trade Board's No. 1161, to the Ambassador in Great Britain for Sheldon, for his information (File No. 658.119/6221).

² Nos. 2696 and 2714 not printed.

full information bearing on such exports. You will request, to enable the Government of the United States to reach such a decision, that you be furnished as promptly as may be with (1) a statement of all exports made to Germany since the conclusion of the above-mentioned agreement, (2) a statement of all outstanding commitments as to exports to Germany, and (3) the text of any agreements with Germany relating to exports from Sweden. You will add that if, pending the receipt of this information and the reaching of a decision to be based thereon, the Government of the United States permits exports to Sweden under the agreement this shall not be construed as a condonement of any breach of the agreement which may have been committed by the Government of Sweden, or a waiver by the Government of the United States of any rights which may have arisen in favor of the United States as a result of such breaches.

It is considered desirable that the note to be delivered in accordance with the foregoing instructions be a collective note joined in by the Ministers of the four Associated Governments, and before delivering the same independently you will ascertain whether they are in a position to join in such a note. It is not desired, however, that delivery of the note be unduly delayed.

The War Trade Board is acquainting Sheldon with the foregoing instructions to you and is also communicating with Nordvall in the same sense in reply to a communication received from Nordvall on this subject.

LANSING

File No. 658.119/601

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, September 6, 1918, 6 p. m.

[Received September 7, 10.45 a. m.]

1679. War Trade Board [from Sheldon]:

No. 1386. Referring to your No. 1156, Department's 1169, September 4, 3 p. m.,¹ and your No. 1376 [1161], Department's No. 1191,² September 5, and Stockholm Legation's 2694, August 22, 10 a. m. [p. m.]

The following telegram has been approved for transmission to the I[nter-]A[llied] T[rade] C[ommittee] at Stockholm and is being sent to-day.

The following is for your information but not for official action by you. We have carefully examined the communication from

¹ Not printed.

² See footnote 1, ante, p. 1286.

M. Wallenberg, reported in Sir E. Howard's telegram No. 2352 of Aug. 20, regarding various exports to the enemy, to which the Swedish Government claim to have committed themselves, and the communication which the Allied representatives at Stockholm propose to make to the Swedish Government on the subject. The serious situation which has now come to light would not in our opinion adequately be met by the demands for reparation which have been suggested. These in themselves appear to us unlikely to afford any strong material advantages, and, in the case of the proposed demand for copies of the Swedish Government's agreements with German Government, to lay the Associated Governments open to undesirable requests for reciprocity which it might be difficult to meet, but we are principally opposed to putting forward specific demands for reparation on the ground that there is more to be gained by holding our hand, and giving the Swedes to understand that such serious breaches cannot be atoned for by mere compensation.

As regards the specific breaches, we make the following proposals:

(a) *Animal hair and incregnated canvas.* We have great difficulty in believing the canvas is of local origin and should be glad if further inquiries could be made and details furnished.

(b) *Pulp and paper.* Swedish Government should be asked for a list of the licenses issued and of the shipments made thereunder giving the date both of the issuance of the licenses and of the shipments. They should also be required to give an understanding that pending the production and examination of these statistics, the issue of licenses and shipments under existing licenses will cease.

(c) *Ores and slag.* We await further information promised.

(d) *Pyrites.* We regard the Swedish Government's conduct in this matter as a most serious contravention both of the spirit in which the agreement was negotiated and of the express terms of 2(A) (4). We are quite unable to accept Swedish Prime Minister's suggestion that the export of pyrites is covered by the terms of letters 9 and 10, attached to the agreement. Incidentally this is also incompatible with M. Wallenberg's attitude of disapproval. Information as to the pyrites contract ought certainly to have been imparted to the representatives of the Associated Governments at the time of the negotiations, yet no indication whatever of what was proceeding in Sweden was allowed to reach us. This [omission] is aggravated by the fact that a list of exports to the enemy since the conclusion of the agreement, which was furnished by the Handels Kommission to the American Minister at Stockholm, discloses no particulars of the pyrites exports, which are now admitted to have taken place. The whole transaction throws a most unpleasant light on the general attitude of the Swedish authorities. We consider that strong representation should be addressed immediately to Swedish Government, on the above lines, with a demand for a categorical undertaking that the export of pyrites shall cease definitely and permanently, at once. Each of the delegates of the A[llied] B[lockade] C[ommittee] is recommending to his Government that their Legation in Stockholm be instructed to make those representations collectively.

Since writing the foregoing I have received your 1161, Department's 1192 [1191], September 5, 3 p. m. On discussing with the

Foreign Office here as to whether it would be advisable to ask for the text of any agreement that Sweden might have with Germany, the decision was in the negative. It was felt that if Sweden agreed to this, it might later be necessary for her or other neutrals to communicate texts of agreements with the Associated Governments to Germany, and further, we feel we are in a stronger position if we rely on the specific terms of our own agreement.

PAGE

File No. 658.119/607

The Secretary of State to the Chargé in Sweden (Whitehouse)

[Telegram]

WASHINGTON, September 13, 1918, 8 p. m.

1122. Legation's 2804, September 7, 6 p. m.¹ Department authorizes inclusion in note of demand for a statement of all exports or licenses for exports to Germany since the conclusion of the Swedish agreement with Germany. It is not desired at this time to demand the resignation of the president of the Handels Kommission. It is felt that so drastic a demand should not be made until full facts are obtained and accordingly Department now stands on instructions contained in its 1077, September 5, 3 p. m., as modified hereby. You may, however, add to the note set out in Department's 1077 a sentence to the effect that the failure of Handels Kommission to make full disclosure of exports to Germany has shaken the confidence of the Government of the United States in the Handels Kommission as at present constituted and that this lack of confidence cannot but seriously affect the agreement as a whole in the performance of which the Handels Kommission plays so important a part.

LANSING

File No. 658.119/601

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, September 14, 1918, 9 p. m.

1387. For Sheldon [from War Trade Board]:

No. 1217. Your 1386, Embassy 1679, September 6, 6 p. m. We feel that instructions already given by Department to Legation at Stockholm,² set out in Department's 1191, September 5, 3 p. m., our 1161, are substantially along the lines of A[llied] B[lockade] C[ommittee] recommendations, in that they constitute primarily a demand for full information and do not commit the Government to any specific demand for reparation. With reference to the objec-

¹ Not printed.

² Telegram No. 1077 of Sept. 5, ante, p. 1286.

tions of the Foreign Office referred to in the last paragraph of 1386, you should point out that we do not ask for the "text of any agreement which Sweden may have with Germany" but merely the text of any agreements relating to exports which Sweden may have with Germany. We feel clearly entitled to know the terms of any export agreements which Sweden has with Germany, in so much as Sweden attempts to justify her exports on the basis of such existing agreements, which Sweden claims could not immediately be nullified on the conclusion of agreement with Associated Governments. American Legation at Stockholm in accord with legations of Associated Governments has strongly urged that in preliminary statement to Swedish Government we demand resignation of president of Handels Kommission. We have not approved of making such a demand in our preliminary note, our position being that we should reserve our attitude as to compensation and reparation until full facts are disclosed.

LANSING

File No. 658.119/594

The Secretary of State to the Chargé in Sweden (Whitehouse)

[Telegram]

WASHINGTON, September 20, 1918, 5 p. m.

1149. For Owen [from War Trade Board]:

No. 73. Legation's 2760, September 2, 7 p. m.¹ The entire number of ships agreed to be chartered to the United States Shipping Board under the terms of the Swedish agreement now having been placed at the disposal of the United States, we have authorized the issuance of bunker licenses for free Swedish vessels in accordance with provision of the Swedish agreement and subject to the rules and regulations of the War Trade Board. Repeat to London.

LANSING

File No. 658.119/628

The Chargé in Sweden (Whitehouse) to the Secretary of State

[Telegram]

STOCKHOLM, September 20, 1918, 1 p. m.

[Received 7.42 p. m.]

2873. I have this morning presented to the Minister for Foreign Affairs a note according to the instructions contained in your 1077, September 5, 3 p. m., and 1122, September 13, 8 p. m. Before doing so I consulted my colleagues who all advised me to wait no longer as they feared there would be great delay before all our different instructions could be brought into conformity.

¹ Not printed.

The Minister for Foreign Affairs said he would send me the statistics asked for as soon as possible, but that he would be unable to comply with the request for the text of any agreement with Germany. I do not think this last point need be pressed as the Minister for Foreign Affairs gave me clearly to understand that the coal agreement which expires September 30 was the only one still binding. Stockholm to London.

WHITEHOUSE

File No. 658.119/646

The Chargé in Sweden (Whitehouse) to the Secretary of State

[Telegram]

STOCKHOLM, October 7, 1918, 5 p. m.

[Received October 8, 1.45 a. m.]

2954. Allied ministers have informed Minister for Foreign Affairs that their Governments adhered to our note regarding the breach of agreement.

WHITEHOUSE

File No. 658.119/659

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, October 15, 1918.

[Received 8.30 p. m.]

2807. War Trade Board [from Sheldon]:

No. 1667. Referring to my letter No. 5385 of September 12¹ with reference to our engagement to bear one-third of the expense in connection with the purchase of iron ore under the Swedish agreement. Please let me have answer as soon as possible.

LAUGHLIN

File No. 658.119/659

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, October 18, 1918, 5 p. m.

2279. For Sheldon [from War Trade Board]:

No. 1444. Embassy 2807, October 15, your 1667. Referring to your letter No. 5385, September 12,¹ the following reply was despatched to you by pouch on October 10:

The Departments of Commerce and State have prepared the following memorandum which you are authorized to sign and present to the British Treasury:

With reference to Swedish agreement of May 29, 1918, between the British Minister of Munitions and the Grängesberg Trading Company for the purchase

¹ Not printed.

of 2,000,000 tons of iron ore, I am authorized by the Government of the United States to state that on the 29th day of June, 1918, the President of the United States made an allotment of \$6,000,000 out of a fund available for that purpose to be expended by the Secretary of Commerce in payment to the proper authorities of the Government of Great Britain of a one-third part of the purchase price (together with storage and transportation charges and any other expense in connection with the purchase, storage and transportation to the United States) of 2,000,000 tons of Swedish iron ore, the purchase of which is provided for in the agreement of May 29, 1918, between the Governments of Great Britain, France and Italy and the Government of Sweden. A copy of the order making said allotment is annexed hereto. Pursuant to the order, the sum of \$6,000,000 has been transferred on the books of the United States Treasury Department and is now subject to the order of the Secretary of Commerce for the purposes authorized by said order.

To this memorandum should be attached a copy of the Executive order referred to which was sent to you by pouch some time ago.¹ Should you be unable to find copy wire us and we will cable you its text.

LANSING

File No. 658.119/674

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, October 22, 1918, 6 p. m.

[Received October 24, 9.50 p. m.]

3001. War Trade Board [from Sheldon]:

No. 1723. Referring to your No. 1444, Department's 2279, October 18, 5 p. m. Before signing this undertaking I think I should call your attention to my letter of June 18 [September 19], No. 5418,¹ second page, under caption of purchase of 2,000,000 tons. I think it is important to have an understanding as to whether subsequent sales of iron ore should apply (1) in relief proportionately of the engagement of the three Associated Governments or (2) to relieve the share in the total liability of say one of the Associated Governments who might purchase for their own account or make a sale. I am awaiting signing the undertakings, text of which was telegraphed, until the foregoing point is cleared up.

LAUGHLIN

File No. 658.119/674

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, October 26, 1918, 4 p. m.

2440. For Sheldon [from War Trade Board]:

No. 1502. Embassy's 3001, October 22, 6 p. m., your 1723. We concur in the opinion expressed by you in your letter of September 19, No. 5418,¹ that the total purchase should be considered as a whole and any part taken by any of the Governments or sold be considered

¹ Not printed.

for the trio account. In other words, the proceeds of all resales should be pooled and divided equally among the three Associated countries. We assume the resale prices will be submitted for approval to the three Governments. We are now preparing a plan for handling the resales and will submit it to you shortly.

LANSING

File No. 658.119/675d

The Secretary of State to the Chargé in Sweden (Whitehouse)

[Telegram]

WASHINGTON, October 26, 1918, 4 p. m.

1244. Referring to the note which you presented to the Swedish Government asking for various statements relative to exports of Sweden to Germany, believed to be in contravention of recently concluded agreement, you are instructed to inform the Minister of Foreign Affairs that the Government of the United States views with serious concern the very great delay which is occurring in furnishing the information requested by the Government of the United States in reference to this important matter. The Department is informed that instructions similar to the foregoing will probably be received by your British, French, and Italian colleagues.

LANSING

File No. 658.119/681

The Chargé in Sweden (Whitehouse) to the Secretary of State

[Telegram]

STOCKHOLM, November 2, 1918, 5 p. m.

[Received 9 p. m.]

3094. Have just received Swedish reply with statistics and explanations regarding the exports to Central Powers. Will telegraph brief *résumé* and send text by direct boat on the 8th.¹ Copy to London.

WHITEHOUSE

File No. 103.96/1681f

The Acting Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, December 4, 1918, 8 p. m.

3225. For Sheldon [from War Trade Board]:

No. 1774. We have advised the British Embassy here that we would participate in the purchase price of some 245 tons of molybde-

¹ No telegraphic *résumé* received; text enclosed in despatch No. 1476, Nov. 6, received Dec. 8, not printed. (File No. 658.119/720.)

num from Norway, which has already been the subject of some correspondence between us, in the following manner: That any recovery due to the United States on account of its share in the purchase of the 2,000,000 tons of Swedish iron ore, provided for in the agreement of May 29, 1918, may be used to pay our moiety of the purchase price of the molybdenum. We have also advised the French that we would participate to the extent of one-third in the French and British purchase of 41,000 tons of low phosphorous iron ore from Sweden in the same manner. The Executive order of June 29, 1918, providing for our participation in the purchase of the 2,000,000 tons of Swedish iron ore, has been amended so as to make possible our participation in the molybdenum purchase and the low phosphorous iron ore purchased in the manner indicated.

We are sending to you by pouch forthwith amended form of said Executive order and letters to the British and French Embassies,¹ which will furnish you with greater details.

POLK

File No. 658.119/724

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, December 9, 1918, 5 p. m.

[Received 6.30 p. m.]

4446. War Trade Board [from Sheldon]:

No. 2032. Your 1774, Department's 3225, December 4, 8 p. m. I note as per last paragraph that you are sending copies of letters to the British and French Embassies which furnish details with reference to American participation in the purchase of molybdenum from Norway and iron ore from Sweden. In your 1502, Department's 2440, October 25 [26], last sentence, you stated that you were preparing a plan for handling resales of Swedish ore which you would submit to me shortly. I have never received this and pending its arrival I have never executed any agreement authorized in your 1444, Department's 2079 [2279], October 18. If the letters exchanged between you and the British and French Embassies have not concretely covered our engagement concerning the purchase of Swedish ores and the plan for handling resales, please send me the plan for resales mentioned in your 1502 so that the whole matter may be arranged without further delay.

LAUGHLIN

¹ Not printed.

File No. 658.119/724

*The Acting Secretary of State to the Chargé in Great Britain
(Laughlin)*

[Telegram]

WASHINGTON, December 17, 1918, 3 p. m.

3463. For Sheldon [from War Trade Board]:

No. 1836. Embassy's 4446, December 9, 5 p. m., your 3032 [2032]. We will not formulate plan for handling resales of Swedish iron ore. We are about to turn over this entire matter to the Department of Commerce. That department will, in consultation with the necessary British and French authorities, take charge of all details in connection with our part of the purchase. In the meantime, there is no reason why you should not execute the agreement which we authorized in Department's 2079 [2279], October 18, our 1444. In executing such agreement, do not overlook that phase of it which is set forth in Embassy's 3001, October 22, 6 p. m., your 1723, and Department's 2440, October 26, 4 p. m., our 1502.¹

POLK

NEGOTIATIONS WITH DENMARK CONCERNING EXPORTS AND
SHIPPING

The War Trade Board's Proposal for a Trade and Shipping Agreement,
January 17—The Danish Reply, February 13—American Insistence on
the Use of Chartered Tonnage in the War Zone

File No. 659.119/187

The Chargé in Denmark (Grant-Smith) to the Secretary of State

[Telegram]

COPENHAGEN, January 2, 1918, 3 p. m.

[Received January 4, 1.17 a. m.]

1763. For War Trade Board from Hurley:

This report is necessarily first impression but is result of interviews, observations, and some study.

1. General conditions. All outward signs show Denmark not suffering. General prosperity obvious, from shops well stocked with necessities and luxuries and well patronized, from gay life of city,

¹According to telegram from Sheldon, No. 2877, Embassy's No. 1696, April 10, 1919, the memorandum was delivered by him, satisfactory undertakings having been obtained from the British and French representatives in regard to the treatment of purchases as a whole and the pooling for equal distribution of the proceeds of resales (File No. 658.119/876; see also 853 and 862).

In his telegram of May 2, 1919, No. 2956, Embassy's 1956, Sheldon quoted from a letter received by him: "I am directed by the [Minister] of Munitions to refer to your letter relating to the resales of molybdenum concentrates and to inform you that so far as he is concerned he agrees in principle that the proceeds of any resales shall be pooled and divided equally between the United States and His Majesty's Governments." (File No. 658.119/894.)

and from appearance of a populace well clothed and fed. Card systems authorize liberal rations of sugar, cards allow $1\frac{1}{10}$ pounds per week per person. Shops sell loaf sugar at 8 cents per pound. The Government with radical majority being herewith [*sic*] organized relieves distress of unemployment whenever occurring. New conditions relieve unemployment by requiring more man power, that is, wood and turf cutting. Easier to live in Copenhagen than in New York or London, Christiania, or Stockholm.

2. Chief need is coal and oil. Need for coal not so great as pictured because of restrictions inaugurated, employment of substitutes and voluntary decrease in ordinary use due to high cost produced by high freights. Though allowed to import at first 100,000 tons, and now 150,000 tons per month from Great Britain, Denmark actually took in first ten months during 1917 an average of only 68,470 tons per month of this allowance, thus showing that scarcity and industrial curtailment are not due to Allied restrictions. Due partly to preference of shipowners for more profitable business, partly to delays caused by unusual weather and by other obstructions which are removable. In same period Denmark imported 53,140 tons per month from Germany. Total import from Britain and Germany, May to October, 1917, was 139,364 per month and from Britain alone 66,821 per month. Compare amount of coal actually imported with amount of tonnage claimed to be needed for this trade.

Effect of coal shortage is greatly diminished in Norway and Sweden by use of power from rivers. This is also case in some localities in Denmark, power coming by cable from Swedish rivers. Power from Sweden furnishes cheap light and power to Hellerup, a suburb of Copenhagen, while Copenhagen, burning coal, is compelled to restrict service. If materials for cables and plants can be spared by the United States, Danish use of coal, and ships to carry it, might be reduced by extending use of electric power, and Sweden therefrom given power to exchange for Denmark's products.

3. Shortage of gasoline, oil, and lubricants is acute and disturbing, particularly lack of fuel oil for Diesel motors to operate provincial electric light and water works. Almost complete substitution of horse for motor-driven vehicles is obvious. Increasing domestic demand for horses caused therefrom is created, and fodder is found somehow. Noted that Denmark obtained from Germany enough gasoline to supply machines for Christmas-New Year holiday period; and that some gasoline is being bought regularly.

4. Fodder and fertilizer shortage is acute, but threatened slaughtering of cattle has not taken place on large scale and probably will not. Estimated that head of swine has again been reduced 50 per cent to about 700,000. Though fattening is difficult, substitutes for usual food are being found.

5. Danes not yet drained of exportable products and not ever likely to suffer severely, because of precautions taken and of exceptional organization especially in agriculture. They dislike threatened disappearance of era of prosperity and will try to prevent it on basis of maintaining friendship. Friendship of people can probably be maintained by making arrangements for spreading knowledge, possibly through press, of America's viewpoint and especially America's own sacrifices. Even cooperation in economy might be agitated and secured. This is especially desirable to counteract German propaganda among people who do not realize that America takes the war seriously and that they live in greater ease than do Americans themselves. Strongly recommended that bulletins containing significant American news be cabled daily, as mail takes six weeks and Danish papers print little from the United States of America. Statements and conclusions believed to be correct. American propaganda deemed of special importance. William H. Gale, American Consul General. Hurley.

[GRANT-SMITH]

File No. 659.119/179a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, January 8, 1918, 7 p. m.

6198. Following for Sheldon from War Trade Board:

Danish proposal.¹ We have agreed to increased quantities as suggested. We have to insist that exportation of cattle to Germany of 6,000 head per week be the limit and cannot increase number of horses. We propose as additional observations the following:

In general it is the principle of the Allied Governments to supply to Denmark for her own needs raw materials and manufactured articles in order to aid her in the maintenance of an economic independence during the war.

It is believed that the allotment of cotton can be raised several thousand tons if desired by Denmark.

It is our understanding that the agreement to export butter and bacon and live cattle represents the limitation of export of agricultural products to Germany.

In connection with saltpeter it is suggested that in view of the scarcity of tonnage and transportation facilities available for saltpeter and its very high price, Denmark should be able to purchase from Norway calcium nitrate at comparable price and at great saving in transportation.

We desire that you confer with our allies as to the actual needs of Denmark on tonnage, as British Embassy here figured 350,000

¹ See *Foreign Relations*, 1917, Supplement 2, vol. II, pp. 1102-1137.

tons as sufficient for total Danish requirements. Before replying to Danish cable we need the viewpoint of Great Britain on this important question and request immediate reply, as immediately on receipt this information we will submit our final proposal to Denmark through our Minister.

LANSING

File No. 103.96/189

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, January 11, 1918, 11 p. m.

[Received January 11, 10.51 p. m.]

8241. For War Trade Board from Sheldon:

Referring to your January 8, Denmark. Foreign Office cabling Spring Rice tonight some suggestions for your consideration. They think 400,000 tons right amount for Denmark's needs, but leave it to you to increase if necessary to get an agreement.

PAGE

War Trade Board Files: Danish Negotiations, Vol. I

The Danish Minister (Brun) to the Chairman of the War Trade Board (McCormick)

J. No. 40-A-XXIX-n

WASHINGTON, January 16, 1918.

DEAR MR. MCCORMICK: During a conversation on Saturday, January 12, at the War Trade Board, Mr. Munson informed me that the Board had considered the reply of December 25 from the Danish Government regarding a general trade and shipping arrangement,¹ and that you would personally on Monday, January 14, invite me to a conference at the War Trade Board and hand me a note stating the results to which the Board had come.

As you will have seen from the reply of the Danish Government, I am now authorized to personally undertake these negotiations also on behalf of the Danish associations of the commercial, industrial, agricultural, and shipping interests of Denmark. I beg to advise you officially of this authorization by my present letter.

I furthermore wish to say that it is from our point of view of the utmost importance for political and economic reasons that the concluding negotiations should be proceeded with at once. You have surely in the press of late seen what the American Minister at Copenhagen, Dr. M. F. Egan, now here with leave of absence, has told this country about the present situation at Copenhagen and the plight to which Denmark has been reduced.

¹ *Foreign Relations*, 1917, Supplement 2, vol. II, pp. 1102-1107.

I can assure you that the picture which Doctor Egan drew was in no way an exaggeration and that it is not too much to say that we are almost reduced to the misery and the poverty of the Middle Ages.

I appeal to you to cooperate with me without delay to put an end to this, which can hardly be called a credit to our generation and which will soon be beyond repair for the future, which we can discern, and do harm to both yours and my country.

Believe me,

Yours sincerely,

C. BRUN

File No. 659.119/185a

The Acting Secretary of State to the Ambassador in Great Britain
(Page)

[Telegram]

WASHINGTON, January 19, 1918.

6297. For Sheldon [from War Trade Board]:

No. 27. Following proposal was delivered by War Trade Board to Danish Minister on January 17. Repeat to Copenhagen.

In our proposal to you of November 27¹ we offered to license the following commodities which we understood constituted your needs, these being in metric tons unless otherwise stated:

[Class of goods]	[Quantity]	[Class of goods]	[Quantity]
Sulphur.....	270	Wool.....	800
Asbestos.....	275	Boots and shoes.....	280
Graphite.....	100	Leather goods.....	300
Copper.....	2, 500	Soles.....	800
Zinc.....	1, 000	Uppers.....	640
Lead.....	2, 000	Apricot and peach kernels.....	50
Silver.....	14	Cocoanuts.....	100
Antimony.....	25	(Up to September 1918.	
Brass wire.....	34	Thereafter double that	
Brass screws.....	36	quantity.)	
Mineral turpentine for var-		Other nuts and kernels.....	250
nish.....	300	Apples.....	2, 000
Paraffin.....	600	Bananas.....	1, 000
Kerosene and gasoline.....	70, 000	Dried fruits.....	3, 000
Wax.....	100	Rice from Orient.....	2, 000
Zinc and lead paints.....	2, 500	Coal pitch.....	600
Asphalt.....	3, 250	Lubricating oils, greases (bbls.)	45, 000
Flower bulbs.....	740	Crude fuel oil.....	50
Garden and tree seeds.....	117	Dark refuses.....	15, 000
Cotton and cotton goods.....	10, 500	Turpentine oil.....	600
Hemp.....	2, 000	Linseed oil.....	6, 000
Cordage.....	5, 000	Varnishes.....	700
Binder twine.....	1, 600	Resin.....	1, 500
Mexican fibres, etc.....	1, 100	Shellac.....	90

¹ See telegram No. 5926, Nov. 28, 1917, to the Ambassador in Great Britain, *Foreign Relations*, 1917, Supplement 2, vol. II, pp. 1074-1077.

[Class of goods]	[Quantity]	[Class of goods]	[Quantity]
Wood tar.....	900	Saltpetre.....	35, 000
Turpentine, refined.....	15	Rubber goods and auto tires.....	500
Tragacanth, various gums.....	90	Other rubber articles.....	255
Various sorts of glues and limes.....	500	Phosphate rock.....	56, 000
Coffee.....	15, 000	Electric lamps.....	70
Tea.....	400	Machine packing.....	50
Cocoa.....	3, 000	Tobacco.....	5, 000
Glucose.....	250	Silk.....	100
Spices.....	330	Feathers.....	400
Pepper.....	42	Various woods.....	300
Starch.....	2, 200	Talc.....	150

Group 1, subdivision 1. Of the foregoing commodities you request the following increases:

Coffee to 16,000 tons;

Tea to 600 tons;

Spices to 500 tons;

Pepper to 168 tons;

Rubber, rubber goods, rubber shoes and rubber tires to 500 tons. This quantity to be increased to 700 tons, provided Denmark can prove her real need of this quantity.

Every neutral nation in Europe is looking to us in some measure to meet its needs, and we have not supplies in sufficient quantities to meet these requirements in addition to our own and those of our associates in this war. Under these distressing conditions the United States is denied the privilege of generosity, and in the light of its own and its associates' situation this Government thinks the desire it evidenced to be just and fair, by its proposal of November 27, should have made a stronger appeal to Denmark than seems to be the case. However, we reluctantly accede to your request for the foregoing increases upon the condition of your full acceptance of all the conditions herein.

In view of depleted tonnage facilities, we suggest that you should obtain your requirements for various woods from Norway or Sweden. In no event could we agree to leave this question open to be settled in accordance with your future needs, but supplies for indoor or cabinet work that must be obtained overseas up to the foregoing amount may come via America, except that no aeroplane material can be granted.

We do not think your suggestion that future negotiations for further goods and rations may always be possible has any proper place in the proposed agreement, as its insertion would negative the idea of definitiveness. Requests for modifications of the agreement by either side can always be made.

Inasmuch as we are unaware of the quantity of merchandise and goods you have already bought, we cannot concede your right to free them from the restrictions imposed hereby with respect to all commodities.

We will gladly give our aid to effect an equal division of rations over the year and to space commodities [according] to seasonal needs.

Subdivision 2. The foregoing commodity items are intended to include all goods, whether originating in America or elsewhere, and the Board assumes that the Danish Government will consult with the United States as to the sources from which Denmark from time to time shall obtain these supplies. If this be done it will make it much more certain that the commodities will be obtained in full by Denmark, as the United States and its associates will use their efforts to this end.

We purpose placing cargoes passing through American jurisdiction or carried in vessels using American fuel in the same category as cargoes originating in the United States. Approved cargoes of foreign derivation will therefore have the same status and will be treated precisely as though they were of domestic origin.

Subdivision 3. The wording of this paragraph suggests the possibility of a misunderstanding respecting the limitation of Denmark's export of manufactured articles. Our proposal intended such manufactured articles to apply not alone to articles manufactured from merchandise of American origin but to all articles manufactured in Denmark. Prepared fish and meat or dairy products are not to be regarded as included in this term, but are treated separately hereafter.

In order to meet the suggestion of the Danish Government to eliminate the limitation of \$2,000 in value per month of such manufactured articles, we propose as a substitute that such export shall not exceed in value the export of such manufactured articles from Denmark during the past year, and we assent to the guarantee system [of licenses] by the Grosserer Societet and the Industriraad upon the Danish Government's assurance that these two institutions will fulfill their obligations in this regard. Effective guarantees are, however, to be given by Denmark that no metals except such as are employed in passive finishing processes, nor any articles whatever capable of employment in military operations shall be exported; and it is of course understood that no articles imported from the countries associated with the United States in the war shall be re-exported directly or indirectly to the Central Powers, and that no dispensations whatever from this general prohibition shall be granted.

We appreciate the Danish Government's acceptance of our condition that lubricants, oils, kerosene, or gasoline received from the United States shall not be employed in factories or in manufacturing plants of any kind (excepting dairies) operating to produce commodities of any kind for exportation to Germany.

An appropriate clause in the final agreement will provide that no commodities which the United States or its associates may furnish to Denmark shall be exported to the Central Powers or shall be used in the production of any other commodities to be exported to the Central Powers, with the exceptions expressly provided for; and, further, that in case Denmark shall export to any neutral country contiguous to the Central Powers or either of them any com-

modity which Denmark agrees not to export to the Central Powers, that no such commodity so exported shall be re-exported directly or indirectly to the Central Powers.

It is further understood that no dispensation whatever will be granted when a general prohibition of export is provided for.

In case an agreement shall be reached, this Board will exercise its full power to grant export licenses for the commodities covered, as well as for bunker coal and ships' stores to facilitate transportation to Denmark. This Board cannot absolutely guarantee to Denmark the supply or the licensing for export of the foregoing commodities, as some are necessarily subject to the uncertainties of future harvests and others to future conditions of production and transportation which cannot be foreseen; nor can the requirements of the United States and its associates be in all respects accurately estimated.

Group 2. The Danish Government's counterproposal with respect to this group convinces us that a basic and very serious misunderstanding exists respecting the situation of the United States in these negotiations. Prior to our entrance into the war, at a tremendous cost in human life and treasure to the nations now associated with us, a flow of supplies of the kind included in this group was kept up from Denmark to the German Army and civil population. We are now in the struggle, and the people of the United States must not be expected to deny themselves and their associates in order that Germany may continue to be so supplied by Denmark. In all of our negotiations with you we have only sought fair limits upon your trade with our enemy as a consideration for the large supplies you are asking from and through us.

Subdivision 1. We will agree to your limitation of exports to the Central Empires of 38 per cent as a maximum of your exportable surplus of butter and 18 per cent as a maximum of your exportable surplus of bacon, provided these percentages are understood to apply monthly and to the exportable surplus available after your domestic needs and your exports to Sweden and Norway have been first deducted from each month's total. We accept your guarantee that exports to the Central Powers shall not exceed 800 tons per week. We understand that the remainder of your exportable surplus will be exported monthly to Great Britain.

Subdivision 2. Concessions were heretofore made at the request of the Danish Government permitting the employment of kerosene, gasoline, and lubricants imported from the United States in Danish dairies but not in Danish fisheries whose catch is to be exported to the Central Powers. Germany must furnish the fuel supply for that portion of the Danish fishing fleet which is engaged in securing the fish exported to the Central Powers. We note with satisfaction that you will limit this export to 25,000 tons per annum in terms of fresh fish, at the rate of about 2,100 tons per month. But we cannot consent to any deficit in one month being made good in the following months.

Subdivision 3. We cannot consent to your proposed increase in the export of cattle to Germany to 8,000 per week. This export must be limited to 6,000 per week, and we cannot agree to your reserving the right of being four weeks ahead in this export.

Subdivision 4. Denmark's former proposal for a maximum export limitation of 30,000 horses per annum to the Central Powers was accepted by us, and we cannot consent to the proposed reservation that during the two months of January and February an extra quantity of 15,000 may be exported.

It is understood that the foregoing provisions for the export of butter, bacon, cattle, and horses embrace all agricultural products to be exported by Denmark to the Central Powers.

No dispensation will be given by the Danish Government for any export to the Central Powers of lard, cheese, milk, tallow, fats, fish oil, whale oil, or any other oils or fats except bacon and butter.

All Danish fishermen and Danish fishing boats must land their catch in Denmark. They must not transfer it at sea and must not deliver to Norway, Sweden, or the Central Powers. The exports of fish agreed upon to the Central Empires must occur via Denmark. Denmark also agrees that she will not transfer to other flags any Danish fishing vessels.

Denmark agrees to furnish to the United States monthly statistics of its exportations to the Central Powers.

Subdivision 5. We cannot consent to your suggestion that you divide the exportable surplus of hides between the Allies, Sweden, and Germany. We are willing to meet the requirements of Denmark for heavy hides and tanning materials in exchange for Denmark's entire export of its surplus of hides after legitimate requirements of Norway and Sweden have been filled by Denmark, upon the understanding that Norway and Sweden shall not re-export or export to Central Powers Danish hides or hides of Norwegian or Swedish origin released by imports of Danish hides.

In view of the shortage in tonnage and the prevailing high price for Chile saltpetre, we beg to suggest that Denmark should be able to substitute calcium nitrate from Norway without greatly increasing her costs and with a great saving in transportation. This, however, must not operate to reduce the exportation of Norwegian nitrate and nitric acid to the Allies.

Group 3. The United States has, through conditions not of its own imposing, become the commodity trustee for a large part of the civilized world and is burdened with the unpleasant task of distributing as best it can an inadequate supply to many distressed nations, of which yours is but one. In this distribution it must be governed by the needs, not the desires, of those with whom it has to deal, and recognition of and sympathy with the difficulties surrounding its thankless work does not seem too much to ask. In the matter of ships every available ton of all nations must be utilized both to increase the size of the too-small loaf and to speed its distribution when cut up.

These results will be impossible of accomplishment without the employment of a substantial portion of the tonnage of all the nations in the danger zones, but in so far as is compatible with actual needs the United States will endeavor to conserve Danish tonnage by its employment in safe zones.

It is believed that 450,000 tons dead-weight for Denmark's tonnage requirements is overestimated, as Captain Cold's statements made here were that Danish-American trade requires 200,000 tons

and that Danish-British trade requires 150,000 tons. The new Danish-British coal agreement provides for the carriage of 50,000 tons of coal per month, which we consider should be covered on the basis of a month's round trip, so we add 50,000 tons of tonnage, making the total requirements for Denmark's needs 400,000 [tons]. The total Danish steam and motor tonnage amounts to 865,000 tons dead-weight. This leaves, after deducting the 200,000 tons chartered to Great Britain, a balance to be chartered to the United States of 265,000 tons.

Delivery of tonnage under proposed agreement shall begin not later than January 15, and all vessels under this arrangement shall be delivered for service under charter by United States Government for the period of the war not later than February 15.

The Danish owners will agree to make no new charters from the time this agreement is consummated.

It is understood that the 265,000 tons are to be chartered to the United States Shipping Board for the period of the war. Of this quantity one-third is to be used in trades outside of Europe and the Atlantic islands, one-third for the Belgian Relief and one-third in the war zone. It is agreed that if the Belgian Relief Commission's needs shall be less than one-third of the tonnage chartered, the Shipping Board shall have the privilege of using such tonnage as is not needed, one-half in trades outside of Europe and the Atlantic islands and one-half in the war zone.

Subdivision 3. We agree to your proposal that this tonnage originally chartered to the United States by Denmark will be treated as definitely settling the tonnage arrangement, no claims to be made for replacement of tonnage lost by war or marine risks.

Subdivision 4. We agree to the basis of "Baltim" form of charter, with such changes as to off-hire and other clauses as are in conformity with the New York [Produce Exchange time] form suggested in our proposal of November 27.

Subdivision 5. We agree that the time charter on vessels employed in the Belgian Relief and war zone service shall be at the rate of about \$10.75 and the rate on those employed in safe trade shall be about \$8.50, and we will indemnify Danish owners for losses caused by war risks on the basis of \$140 per ton deadweight.

We are glad to be able also to meet the Danish request that both stipulated rate for charter hire and loss of vessel be expressed in American dollars.

There are 53,000 tons of sailing vessels which we request be diverted into safe trade on this side.

Subdivision 6. All Danish ships are to conform to instructions in regard to route, time of sailing, etc., which may be given by competent Allied authorities.

Subdivision 7. We are as desirous as Denmark that the most effective use of tonnage shall be arranged and will agree to avoid inspection harbors as soon as the development of a practical system will permit this to be done.

Subdivision 8. We agree that none of Danish tonnage chartered to the United States shall be used for Swedish ore trade.

Subdivision 9. As to the duration of the agreement, this Board feels that it should be operative for one year from the date of the agreement without cancellation privileges.

Denmark to agree in principle to provide through the extension of credit for the settlement of trade balances adverse to the United States and its associates.

We remain [etc.]

Vance C. McCormick

POLK

File No. 659.119/185

The Chargé in Denmark (Grant-Smith) to the Secretary of State

[Telegram]

COPENHAGEN, January 23, 1918, 2 p. m.

[Received January 24, 9.08 p. m.]

1850. Your unnumbered via London January 20 [19]. Proposal of American Government to Denmark January 17, 1918 . . .

No date being set for acceptance, it is probable that while Denmark deliberates she may export exceptional amount of cattle, horses, butter, and bacon to Germany and annul effect of agreement. This danger seems real, for in December, cattle export had reached 11,000 per week, bacon 280 tons per week, and butter 256 tons, being much in excess of 38 per cent of exportable surplus on present production. Also this is period for which Danish counterproposal asks for special privilege and in which Germany most needs imports. It is suggested that Denmark be requested to maintain ordinary export rules during deliberations. Further comments will follow.

[GRANT-SMITH]

File No. 659.119/195a

The Secretary of State to the Chargé in Denmark (Grant-Smith)

[Telegram]

WASHINGTON, January 28, 1918, 7 p. m.

697. Referring your 1850, January 23, 2 p. m., following delivered today by War Trade Board to Danish Minister, Washington:

It seems wise, in order to avoid the possibility of future misunderstanding, to say to Your Excellency that, in case our countries are fortunate enough to reach an agreement, the conditions in our letter of January 16 [17], respecting Denmark's export to the Central Powers of butter, bacon, fish, cattle, and horses will be held by us to apply as of and from the date of our said letter.

LANSING

War Trade Board Files: Danish Negotiations, Vol. II

The Danish Minister (Brun) to the Chairman of the War Trade Board (McCormick)

J.No.40.A.XXIX.n

WASHINGTON, February 5, 1918.

DEAR MR. MCCORMICK: Referring again to the reply, which you were good enough to hand to me on January 17, regarding the

counter-proposal of the Danish Government for a general trade and shipping arrangement, I am now by cablegram from the Danish Minister of Foreign Affairs enabled to inform you that your reply has been carefully considered by the Government and by representatives for all the business interests in Denmark and that the new counter-propositions, will, as soon as possible, be framed and submitted to you. The Danish Government will at the same time reply to the proposition in your letter to me of January 28, that the conditions respecting Denmark's export to the Central Powers of butter, bacon, fish, cattle and horses should, in case of the conclusion of a general arrangement, be held to apply as from January 16.

In this connection I also wish to mention the question of giving publicity to all or parts of our negotiations on this whole subject. You will remember that in our conversation on January 17 we also discussed this question informally and that I decidedly advised against any such publicity and added that I was very sure the Danish Government would also oppose any suggestion of permitting publicity to be given to the negotiations or parts of the negotiations.

I have later, as I then said I would, referred the question to the Danish Government and in reply I have been directed to say that the Danish Government feels constrained to very strongly advise against giving publicity to any of the proposals under consideration or to any part of the negotiations and is entirely opposed to and unable to consent to the publication of all or any part of these negotiations and proposals.

I regret, dear Mr. McCormick, that this view is not entirely in accord with your own, but from the recent publication of parts of the negotiations with other countries the public is already informed of the general lines of the proposals made on behalf of the United States. The public will, no doubt, conclude that any proposals made to Denmark have been similar to those made to other countries, and in these circumstances you will no doubt concede that your argument in favor of publicity has lost in strength. Your argument was that lack of knowledge of the terms offered had led and might again lead to accusations against the War Trade Board for harsh treatment of the neutrals. As a matter of fact, the Danish press has been favorable since the good will shown towards us by the courteous offer of certain supplies at Christmas time, parts of which have already been allowed to go forward to Copenhagen.

I am [etc.]

C. BRUN

File No. 659.119/195

The Chargé in Denmark (Grant-Smith) to the Secretary of State

[Telegram]

COPENHAGEN, *February 10, 1918, 2 p. m.*[*Received February 11, 4.45 p. m.*]

1935. The communication of our [notice applying] reduction of Danish exports to Germany as from January 17, as [well as] the terms of our new bunker regulations,¹ appear to have occasioned some delay in the awaited Danish reply to our last proposals.

An important shipowner states that it is the unanimous opinion of Danish owners that they will be compelled to lay vessels up in port if obtaining bunkers is made conditional on signing agreement to observe new bunker regulations. Signing called an unneutral act. Willingness expressed to remove employees complained of, but signing agreement to discharge would subject to law suits when discharge occurs. Owners having small ships in traffic between Danish ports could not sign guarantee regarding freight and passengers because could not subject to necessary inspection.

United [Steamship] Company offer objections to signing which appear sound. They run lines to Stettin and Lübeck which, if discontinued, would be substituted by German ships. Total tonnage now engaged 1,000 tons net. Carry goods from Germany to Denmark but almost nothing from Denmark to Germany. Allies know what goes. Would run in ballast except for empty drums and bags to be filled for return. It would seem contrary to our eventual interests to facilitate substitution of German for Danish ships in this trade. Company agreed to British bunker conditions for all its ships except a designated few in this traffic which ones were simply black-listed.

I have good reason to believe that this Government will in their reply definitely reject our proposal for the use of Danish ships in the danger zones. The Consolidated Welfare Committee, composed of representatives of the various war organizations such as the Merchants Guild, Industriraad, etc., are credited with the statement that however inconvenient it might be, Denmark could exist without the importation of the commodities desired from the United States and that it might be preferable to deny themselves these goods at once rather than sign an agreement whereby they would eventually lose not only the goods but their ships as well. This can only be the result of the German threat to sink Danish ships wherever met, should their owners venture to make concessions to us displeasing to their southern neighbors.

GRANT-SMITH

¹ *Ante*, p. 946.

File No. 659.119/198, 199

The Chargé in Denmark (Grant-Smith) to the Secretary of State

[Telegram]

COPENHAGEN, *February 14, 1918.*

[Received in sections February 16, 5.14 and 7.06 a. m.]

1949, 1951. The following is the text of a note received from the Danish Minister for Foreign Affairs:

February 13, 1918.

Monsieur le Chargé d'Affaires: I have the honor to acknowledge receipt of the note dated the 17th of January *ultimo* which the War Trade Board on behalf of the American Government were good enough to hand to the Danish Minister in Washington, and copy of which accompanied your *note verbale* of the 21st *ultimo*.

In reply to said note I have the honor to state the following:

Group 1. In order to further conclusion of the arrangement which we are now negotiating, I have caused the various rights and obligations of the associations settled upon in the notes hitherto exchanged to be copied, marked A, with a schedule attached of a draft agreement between the United States Government on the one side and the Merchants' Guild and the Danish Chamber of Manufacturers on the other.

I trust that on examination of the schedule the War Trade Board will appreciate that the associations have been mindful of the situation of the United States in these negotiations, and have shown the greatest possible modesty and resignation in their demands. In order also not to protract the negotiations the associations have made but a few alterations, which they hope will be accepted. I also trust that the conciliatory and fair spirit in which the two associations have endeavored in every possible way to meet the new and complicated conditions contained in group 1, subdivision 3, of your last note will meet with the appreciation of the War Trade Board.

I beg to make the following further explanatory remarks to the different paragraphs of the draft agreement:

To article 1: In the schedule the following items call for an explanation: Crude and fuel oil is inserted with 5,000 tons instead of the 50 tons offered, the last figure being evidently due to a mistake in telegraphing; rice is inserted with 3,000 tons instead of 300 tons for the same reason; various woods, such as mahogany, cedar, walnut, red gum, and poplar, are reentered with 6,000 tons, partly because the figure 300 tons is evidently due to a mistake, partly because the exclusion of this import would cause considerable unemployment in the cabinetmaking trade, and finally because these woods cannot be replaced by imports from Sweden and Norway. Cordage is inserted with 500 tons instead of 5,000 tons, as in the American proposal, this figure being evidently a mistake. Hides are added to the list with 4,000 tons, 600 tons more than in Doctor Taylor's proposal, but 800 tons less than settled through the negotiations concluded with the British Government. Tanning materials (see group 2, subdivision 5) are also added with 6,000 tons, the same as in Doctor Taylor's proposal of the 23d of October. Grass seeds

are reinserted, it being most earnestly hoped that the question of the export of this item will be taken up again for favorable consideration, as they are indispensable to Denmark.

To article 6: The associations suggest that the American proposal respecting the limitation of Denmark's export to the Central Powers of manufactured articles (group 1, subdivision 3) be so altered that the limitation is attached to the quantity and not to the value of the exports in 1917.

To article 8: In this article an attempt has been made to solve the question of stipulating in the agreement the right of raising the question of further goods and of rations without negating the idea of definitiveness (group 1, subdivision 1). This wording, it is hoped, will meet the requirements of the case.

On behalf of the Danish Government I have the honor to add that in all cases in which the cooperation of the licensing authorities (the Ministry of Justice) is required to enable the associations to fulfill the obligations upon which they have entered in the foregoing draft agreement, such cooperation will be given and that no dispensation will be granted by the Ministry of Justice in conflict with the stipulations contained therein.

Group 2. In reply to the introductory remarks of your Government [concerning] this group I beg to state that on the contrary the Danish Government fully appreciate the situation of the United States in these negotiations. This is evident from the fact that the Danish Government have entered upon a discussion with the United States Government respecting the limitation of Denmark's export southwards, especially of cattle and horses, in spite of the embargo policy as regards fodderstuff adopted by the United States Government and her associates, whereby we are deprived of the most efficient means of fixing such a limitation; for in order to enable Denmark to undertake such obligations she must either have fodderstuffs or be allowed still further to reduce her stocks of cattle and horses. The first [eventuality] being excluded, we have attempted to carry out the reduction which both your Government and the British Government have previously conceded was necessary, and this is the reason why an extra export of cattle and horses was suggested, with none of which Danish agriculture is anxious to part. The "increase" spoken of in the note of your Government is nothing but a highly necessary safety valve. If now also the carrying through of the second alternative is denied us and we are nevertheless obliged to accept the limitations indicated below, I must in fairness to ourselves give due warning that the Danish Government may not be able to undertake the obligations should it be necessary to keep up the limitations of the export of cattle and horses beyond the autumn, when the animals can no longer be on grass. The Danish Government are also for this reason obliged to propose to limit the duration of the period of these obligations to six months from the date of the conclusion of the arrangement.

Also for this reason alone it will be evident that the Danish Government are unable to accept the conditions contained in the War Trade Board's note of the 28th *ultimo* to M. Brun, communicated to me by your *note verbale* of the 30th of January, 1918, No. 182. It would simply [negate] the whole of our exertions if we were to

agree that the conditions in their letter of the 17th of January respecting Denmark's exports to the Central Powers should be held to apply as of and from the date of the said letter, should an agreement be arrived at.

I beg to suggest that there should be a possibility of arriving at a satisfactory solution of the butter and bacon question by the fixing of limits, as such must naturally be the primary object of the United States and her associates, and this was also the object of the percentage systems hitherto applied.

In accepting the idea of a limitation we are, on the other hand, ready to go as far as reasonable political precaution, exports to Sweden and Norway, and the existing economic conditions will allow. I have therefore again had a special calculation made for this purpose and am glad to be able to reduce the figures originally given, as will be seen from our proposals indicated below.

The very important concessions now made by the Danish Government are, however, dependent on the willingness of the United States Government to consent to and to facilitate the immediate export from Chile of saltpetre. This is the only way in which there are hopes of getting a harvest sufficiently big to continue beyond the stipulated six months. The Danish Government have already centered their efforts on also obtaining saltpetre from Norway; but, firstly, the Norwegian calcium nitrate has not quite the same fertilizing value as saltpetre, and, secondly, it cannot be had in the quantities required. Hence the enhanced importance of saltpetre import from Chile. The Danish Government would further beg to point out that the United States Government, by adding new conditions to be fulfilled on the part of Denmark in their last note, make the task of the Danish Government, genuinely willing to arrive at an agreement, still more difficult. In the last note an embargo towards the Central Powers is demanded for a series of new articles such as lard, cheese, milk, tallow, fats, fish oil, whale oil, and any other oils and fats except bacon and butter. The Danish Government will, however, agree to make her export prohibitions effective in the sense desired for all the articles except cheese, milk, and eggs and the small quantities of waste fats and waste tallow for which valuable compensations, such as X-ray machines and other indispensable hospital outfits, are received from Germany. The excepted articles are, however, included in the limited exports (subdivision 1).

The Danish Government will, as hitherto, furnish the American Legation in Copenhagen with the monthly statistics published respecting Denmark's exports.

The Danish Government are thus prepared to make the following further concessions under this group.

(1) The Danish Government will guarantee that the exports to the Central Powers of bacon and butter (including milk calculated at its butter value), eggs, cheese, waste fats, and waste tallow, after our own domestic needs and our exports to Sweden and Norway have been deducted, shall for a period of six months on an average not exceed 700 tons a week, instead of 800 tons originally suggested by us. I sincerely trust that this very valuable concession will be appreciated by the American Government. The Danish Government will do her utmost to allot the amounts on monthly exports

of about equal sizes but must reserve such freedom in this respect as the economic conditions, both of production and sale, require for at least a period of two months. The remainder of our exportable surplus of bacon, butter, and eggs will, as hitherto, be exported to Great Britain, provided this country be willing to pay the same prices as obtained in other markets.

(2) I have repeatedly had occasion to call attention to the great hardship inflicted on the Danish fishermen by the agreement concluded with the British Government respecting the export of fish. I shall therefore only refer to my previous notes on the subject and add that the Danish Government have been obliged to give very substantial financial aid to the fishermen. The condition now stipulated really deals a most serious blow to this trade, in which the work is the hardest and the profit the smallest.

To make a distinction between those who fish for Danish and Scandinavian account and those who fish for German account is extremely difficult, as all Danish fishermen fish with the same boats and same materials all kinds of fish. I venture to suggest, if the conditions fixed by your Government cannot be altered, that a certain amount of petroleum be set aside sufficient to fish for Danish home consumption about 40,000 tons of fish and such smaller export as can be maintained to Sweden and Norway. This amount of petroleum can be fixed at 8,000 tons, and thereby the object of the American Government will be attained.

The Danish Government feel that they should nevertheless limit the export of fish to Germany to 25,000 tons a year, but the American Government will undoubtedly understand that thereby the utmost concession is reached, when Germany must supply the petroleum, so that any deficit in one and more months shall be made good in the following months.

Denmark agrees to maintain the regulations now in force according to which Danish fishermen and Danish fishing boats must land their catch in Denmark and not transfer their catch at sea, and consequently must not deliver to Norway, Sweden, and the Central Powers the export of fish agreed upon to the Central Powers to occur via Denmark.

Denmark will agree not to transfer to a belligerent flag any fishing vessel.

(3) Denmark will for a period of six months limit the export of cattle to the Central Powers to an average of 6,000 head per week, the limitation also to extend to the products of every kind of this number of cattle.

(4) Denmark will for a period of six months limit her export of horses to the Central Powers, to 15,000.

The Danish Government will do their utmost to divide the export of cattle and horses equally [over] the six months, but must reserve for themselves such freedom in this respect as the economic and market conditions require.

(5) Denmark agrees not to export her exportable surplus of hides to the Central Powers and will expect in return to receive tanning materials and heavy hides.

Group 3. I have also caused a draft agreement to be made respecting the tonnage question and beg to inclose herewith two copies

of same, marked "B." This agreement is framed in the name of the Shipowners' Association, which embraces owners of steam and motorships but does not embrace owners of sailing ships, who are also not sufficiently organized for such purpose.

The Danish Government learn with satisfaction that the American Government appreciate the fairness of the principle that Denmark shall only cede such portion of the Danish tonnage to the United States Government as is not necessary for Danish requirements, and they acquiesce in this amount being fixed at 400,000 tons dead-weight. Steam and motor tonnage is ceded to the United States Government on the condition that the goods mentioned in agreement "A" are supplied to us and that the facilities stipulated in the draft agreement "B" for the free use of the Danish tonnage at our disposal in the way of coals, stores, inspection, etc., are granted so as to make it effective for the limited supplies promised us.

As regards the employment of the tonnage to be ceded to the United States, the Danish Government feel compelled to maintain the standpoint explained at length in their note of the 24th of December, 1917,¹ and must therefore refuse to allow the ships to be used in the danger zone. They are all the more obliged to maintain this standpoint as Danish shipowners feel that they have already in action proven their willingness to shoulder their part of the world's burden by contributing nearly 25 per cent—the 200,000 tons ceded to England—of the total Danish steam and motor tonnage for use in dangerous areas.

Respecting the supply of bunkers, etc., I have instructed the Danish Minister in Washington to call attention to the fact that the new bunker-coal arrangement should be modified so as to suit the conditions of the agreement, as in the opinion of the Danish Government they would invalidate same in most essential respects. I beg to refer to the note handed by M. Brun on this subject to the American Government.²

By entering upon the conditions set forth in the draft agreement Danish shipping shall have finally settled all obligation towards the United States and her associates.

The Danish Government acceded to the request of your Government and have acquiesced in only keeping 400,000 tons for the transportation of Danish supplies, thus 50,000 less than we deemed necessary. Your Government's new request that we should also cede the 53,000 tons of sailing ships would thus still further curtail the tonnage at our disposal. For this reason we regret that the Danish Government cannot meet your wishes in this respect and therefore hope that Danish sailing vessels shall be allowed free trade on behalf of Denmark and be secured the necessary supplies.

With reference to the final condition of your Government for the conclusion of an agreement—subdivision 9—that Denmark shall agree in principle to provide through the extension of credit for the settlement of trade balances adverse to the United States and her associates, I beg to state that I do not very well see how

¹ See telegram No. 1743 of Dec. 25 and 26, 1917, from the Chargé in Denmark. *Foreign Relations*, 1917, Supplement 2, vol. II, pp. 1102-1107.

² Not printed.

such a situation can possibly occur in the trade exchange between the United States and Denmark. The trade balances have for years constantly been in Denmark's disfavor, and should the present agreement be concluded, the prospects of a change would seem still less. The granting of a credit of the kind mentioned, however, not being within the province of the Danish Government, I am precluded from giving any promise in this respect and can only refer the matter for discussion with Danish financial institutions, should an unfavorable trade balance be likely to manifest itself.

In conclusion I beg to state that so far and so long as the goods mentioned in the draft agreement A (group 1) are supplied by the United States and, in the case of their impossibility of granting certain kinds of goods, others available are granted in their place, the Danish Government will undertake the obligations contained in group 2 and acquiesce in the conclusion on the part of the shipping associations of the draft agreement B (group 3). The Danish Government and the Danish associations have worked in conjunction in order to form an acceptable counterproposal on the part of Denmark, and they trust that it will be acceptable to the American Government and thus lead to a speedy conclusion of an arrangement desired both by your and by my Government.

I avail myself [etc.]

Erik Scavenius

A. Draft Agreement between the United States Government and the Merchants' Guild of Copenhagen and the Danish Chamber of Manufacturers

Article 1. The Merchants' Guild of Copenhagen or the Danish Chamber of Manufacturers, as the case may be, will furnish the United States Government with a guarantee similar to that which they have undertaken to issue to the British Government in accordance with the Anglo-Danish trade agreement of November 19, 1915, whenever they are satisfied that any goods to be imported into Denmark—and which come within the scope of article 10 of this agreement—are intended for *bona fide* Danish requirements in accordance with the conditions upon which the present agreement has been concluded.

Art. 2. The aforesaid associations do hereby guarantee that no articles imported under this agreement or from the countries associated with the United States in the war shall be reexported directly or indirectly to the Central Powers, the only exceptions from this condition to be the export comprised by article 6 of this agreement and for use in dairies and pig slaughteries.

Art. 3. It is further guaranteed by the associations that lubricating oils, kerosene, and gasoline received from the United States shall not be employed in factories or in manufacturing plants of any kind (except in dairies and pig slaughteries) operating to produce commodities of any kind for export to Germany.

Art. 4. It is further a consequence of article 2 that no commodity which the United States or its associates may furnish to Denmark shall be used in the production of any commodity to be exported to the Central Powers with the exceptions provided for by articles 2 and 6 of the present agreement.

Art. 5. In case of export to any neutral country contiguous to the Central Powers or either of them, of any commodity—imported under the agreement—which by the present agreement has been precluded from export to the Central Powers, no such commodity so exported shall be reexported directly or indirectly to the Central Powers, and the associations undertake to take such steps as will effectively [prevent] any such exports to the Central Powers [from taking] place.

Art. 6. The associations undertake to limit the export to the Central Powers of articles manufactured in Denmark to the quantities of the corresponding export during 1917, which undertaking refers to the export of all such manufactured articles, including those manufactured from materials not embraced by this agreement (with the exception of prepared fish, meat, and dairy products, which are treated separately), as well as those the export of which to the Central Powers is allowed under the Anglo-Danish trade agreement of November 19, 1915.

Art. 7. The United States Government undertake to grant export licenses for the commodities contained in the schedule attached hereto, and to the extent of the quantity fixed for each item of the schedule, except when the future harvest and other future conditions of production or transportation, which cannot now be foreseen should make it impossible to grant such licenses to the full extent. In such cases the United States Government and its associates will not interfere with the supply from other sources of the quantity which they can not deliver themselves.

Art. 8. It is understood that the attached schedule [comprises] only the commodities for which the United States Government has been able and has wished to fix quantities. The noninclusion in the schedule of other commodities needed by Denmark, such as soda ash, caustic soda, drugs, sundry chemicals, bristles, casings, hair, hardware, tools, machinery (including agricultural machinery and implements), iron plates, iron sheets, iron rods, angles, etc., tin plates, black and terne plates, sanitary goods, etc., does not mean that the United States Government will not issue licenses for export, nor that the United States of America will not be able to supply these goods, but applications for the licensing thereof will be favorably considered by the United States Government, and—so far as it can possibly be done—to the extent of the Danish requirements.

Art. 9. With respect to all commodities, facilities will be given to the United States Government to effect an equal division of rations over the year, however, with due consideration to seasonal needs and tonnage opportunities.

Art. 10. This agreement covers all goods which originate in America or pass through American jurisdiction or are carried in vessels using American fuel.

The United States Government will render its best assistance and advice to the associations in order that Denmark may obtain these supplies, so that from time to time the best possible sources may be decided upon. The United States Government and its associates will use their best efforts to effect that these commodities will be obtained in full by Denmark.

ing of motor and steam ships of over 500 tons dead-weight. This remainder tonnage amounts at the moment to 437,301 tons dead-weight. Of this it is understood that 200,000 tons dead-weight will be allotted to Great Britain, whereas the balance, including the tonnage already trading between the United States and its associates, falls to the United States.

Art. 3. Of the tonnage allotted to the United States, up to one-third may be employed for Belgian relief, whereas the remainder must not be employed in the danger zones in Europe and around the Atlantic islands.

Art. 4. No demand shall be raised on the part of the United States or its associates for the replacing of ships which are lost or rendered unserviceable as a result of the war or through other reasons.

Art. 5. The ships are to be chartered to the United States Shipping Board on the Baltime charter form, the 24 hours clause contained in section 12 of the Baltime form, however, to be deleted. The time-charter rate in safe trade to be fixed at \$8.50, and for ships in service for Belgian Relief Commission to \$10.75. Payment to be exempt from all American taxes and dues.

Art. 6. The United States Government are liable to Danish owners for all losses through war risk as per the following scale: for ships over 30 years old, \$140 per ton dead-weight; for ships between 20 and 30 years, \$165 per ton dead-weight; under 20 years, \$190 per ton dead-weight.

Art. 7. The time charters are to be closed for a period of 6 months, but the cessation of the war between the United States and Germany is to entitle Danish shipping immediately to dispose of the tonnage on the termination of voyages upon which the ships in question are then engaged.

Art. 8. The ships shall not be employed in the ore trade.

Art. 9. The United States Government shall secure to the tonnage reserved for the use of Denmark licenses for and delivery of necessary fuel, ship stores, and provisions for voyages to and from Denmark, both from United States as well as from places where fuel of American origin is obtainable.

Art. 10. On the arrangement coming into operation the distribution of the tonnage shall take place in such a way that the Danish steam and motor ships are exclusively chartered for voyages to Denmark or to places whence cargoes to Denmark may be procured in accordance with this arrangement. The Danish steam and motor ships which at the moment are not employed in this manner shall be allotted to the United States or Great Britain after the expiration of the charters, under which they are now employed, until the conditions in point 2 [of] the present arrangement have been complied with.

The Danish Government would be obliged if a copy of the foregoing were given to their Minister in Washington with as little delay as possible.

[GRANT-SMITH]

File No. 659.119/195

The Secretary of State to the Chargé in Denmark (Grant-Smith)

[Telegram]

WASHINGTON, February 19, 1918, 7 p. m.

742. Answering yours 10th, No. 1935, 2 p. m. We are willing to agree that such vessels as are actually operated under agreement between Denmark and United States shall not be forced to sign the complete new bunker regulations of United States. In lieu of signing the form B-4 of the new bunker regulations we will accept from Denmark a list of the names of vessels and the routes upon which they are now running. We will agree that they shall continue running on these routes for 60 days from execution of agreement.

The only reason for desiring the authority to remove employees is on account of actions of some masters and officers in favor of enemy, and we are willing to provide that any violations of neutrality or unfriendly act by officers or crew shall be the only reason for removal of same.

LANSING

File No. 659.119/207

The Chargé in Denmark (Grant-Smith) to the Secretary of State

[Telegram]

COPENHAGEN, February 23, 1918, 5 p. m.

[Received February 24, 7.51 p. m.]

1982. As a result of discussions relative to the possibility of no agreement being arrived at between the United States and Danish Government and the possible advantages which might [accrue] to us from such an agreement with Japan [*Denmark*], the following memorandum has been prepared by Mr. Hurley at my request. I am loath to see our Government placed in a position where it would be precluded from further bargaining to meet the unforeseen contingencies which must arise as the war progresses. In the proposals thus far exchanged, provision for the importation of everything of prime necessity to Denmark has been included to tie our own hands while Germany remains free to apply pressure on Denmark to her own benefit and to Denmark's almost certain disadvantage—a prospect which is not seductive.

In considering the Danish proposal of February 13, 1918, it would seem desirable to determine, first, whether Denmark, by this proposal or by any agreement which she is likely to be willing to enter into, makes any substantial return to the United States for the commodities which the United States have tendered to her, and secondly, whether all that Denmark here concedes or will ever concede can

be secured by any other means more advantageous to the United States.

Note that the American proposal of November 28,¹ if accepted, would have precluded the large exports of horses and cattle occurring this winter. Also it would have supplied ships at the critical time when America was building. Also note that the new Danish proposal covers only from March to September, excluding next winter, when it may be expected that the exports will again be high; also that it undertakes nothing as to supplying the large needs of Norway and Sweden. Does the Danish proposal give us anything? Except in the matter of fish and hides, the limitations contained outline the economic policy which Denmark, of necessity, would pursue if the American demands had not been made. Denmark's own desire to keep her herds intact would bring about a reduction of export from March to September to 6,000 per week or under. By March, an export of 25,000 horses per month will be high, as sales to Germany in past week have taken care of the surplus. The opportunity to increase the sales after the expiration of six months completely satisfies the country's requirements. As to bacon and fats, Denmark has not nearly enough for herself. She should not sell a pound now and does so only by restricting her own people who are very short of cooking fats and materials for soap. Even with the present restriction on Danish people and no export to Sweden and Norway, it is submitted that Denmark could not ship south as much as 700 tons per week of the articles covered by that limit and the offer to divide the butter export with England is illusory, because to accept, England must pay \$1 per pound. In Denmark the embargo has reduced possibility of export of these articles and the amounts sent now will, from purely Danish considerations, be held to a minimum which Germany demands. German demands are frankly stated to be the consideration for the amount fixed for this export and for ignoring the claims of Sweden and Norway, who would gladly take the whole surplus at German prices. American requests have effected no reduction of this limit. The latest suggestion as to limitations of manufactured articles gives Denmark the right to export all that she has been exporting in the past year and all that she could reasonably export in the next six months after restoring her now depleted stocks.

In a word, the limitations set on the export of cattle, horses, and fats are only such limitations as Denmark's economic aims and needs would compel her to set, whether American commodities are received or not. In fact the figures were obtained by asking the semi-official committees in the various branches as to what the situation in the industry required.

The limitations on hides and fish were arrived at as a result of other considerations here. The extreme need for tanning material and mineral oil produced Danish desires which correspond to our own wishes, but a separate agreement could secure our ends in both these; see Legation's telegrams as to hides.² The present Anglo-Danish fish agreement might be perpetuated by sending some oil for Danish fishing and land use. The only remaining Danish conces-

¹ See *Foreign Relations*, 1917, Supplement 2, vol. II, pp. 1074-1077.

² Not printed.

sion is tonnage. Less than 400,000 tons are left to the United States and her allies by this proposal. Of this amount, 135,000 tons are already under Allied control. Of the balance, a portion can be used for Belgian Relief and 65,000 tons may presumably be turned over to Great Britain for use in the danger zone. The balance is given with a prohibition against use in the danger zone, which may be interpreted as withdrawing from the Italian trade about 40,000 tons of shipping. It must be a serious question whether the loss to the United States of the 400,000 tons taken by Denmark is not greater than the gain secured by transferring this small amount of tonnage into traffic in the danger zone. At any rate it would seem highly probable that this amount of tonnage might be secured for the danger zone by an offer of saltpetre and coffee. If the American desires as to hides, fish, and tonnage were attained as above, the remaining commodities could be used to secure other concessions, all as a convenient lever to meet changes in conditions which must inevitably attend the future development of the war. It would seem to be a disadvantage to be bound once for all, however loosely, to license the goods in our schedule, and it might be well to consider whether it would not be better to make the several separate agreements. Then if we wish we can from time to time secure Danish friendship by making licenses for parts of the commodities not included in the separate agreements.

GRANT-SMITH

File No. 659.119/237a

The Secretary of State to the Chargé in Denmark (Grant-Smith)

[Telegram]

WASHINGTON, *March 1, 1918, 6 p. m.*

759. From War Trade Board:

Please advise us as to possibility and desirability of exportation from here to Denmark of raw materials to maintain Danish industries for domestic consumption, suggesting figures for same.

LANSING

File No. 656.119/194a

The Secretary of State to the Chargé in Denmark (Grant-Smith)

[Telegram]

WASHINGTON, *March 1, 1918, 7 p. m.*

761. For your information from War Trade Board:

Informed Danish Minister today their proposal of February 14 [13] did not interest us. That we only cared to take up one matter with him, namely, tonnage, which is the only thing they have to compensate us for what they require from us. That as to tonnage we would not consider any proposal now that did not give us for the duration of the war the tonnage which their proposal offers us on charter for only six months. Also that 80,000 tons of this must go into the war zone. That until Denmark saw fit to change its

proposal respecting tonnage to meet these requirements we did not think anything would be gained by discussing balance of proposal. He is cabling his Government to this effect.

LANSGING

File No. 659.119/219

The Chargé in Denmark (Grant-Smith) to the Secretary of State

[Telegram]

COPENHAGEN, March 3, 1918, 11 a. m.

[Received 2.40 p. m.]

2010. Yesterday afternoon at 6, I communicated the substance of your despatch 761 of March 1, 7 p. m., to the Danish Minister for Foreign Affairs who said that nothing to that effect had as yet been received from their Minister at Washington, that the matter would be considered by his Government without delay and a reply made upon a decision being arrived at. To his inquiry whether the other points in their note were agreed to I replied in the negative but expressed my personal opinion that once the question of tonnage for the danger zone and the duration of the agreement were solved, I was under the impression that it would not be difficult to reach an understanding relative to the other matters at issue.

In order to make the ultimatum less unpalatable I [said] during the course of the conversation that doubtless our Government, feeling that Denmark had been constrained by the German menace to be less responsive to our demands than would otherwise have been the case, had felt that by bringing matters to a head Denmark's position *vis à vis* her southern neighbor would be sensibly strengthened; that it would be quite impossible for us to concede their demands to [keep] their ships out of the danger zones since among other reasons it would tie our hands with regard to other neutral shipping. I incidentally told him confidentially that, far from wishing any harm to Denmark, the Legation in pursuance of instructions was now engaged in investigations with a view to supplying her if possible with raw materials to enable Danish essential industries to continue operations, at which he expressed gratification.

GRANT-SMITH

File No. 659.119/234

The Danish Minister (Brun) to the Secretary of State

J. No. 40.A.XXIX.n

WASHINGTON, March 13, 1918.

[Received March 14.]

SIR: With regard to the pending negotiations between Denmark and the United States for a general trade and shipping arrangement

I am directed by the Danish Minister of Foreign Affairs to state to you as follows:

These negotiations which, as you know, commenced in the early part of the summer of 1917, and which have passed through many and great difficulties, had lately, I am pleased to say, assumed a very promising aspect and an agreement appeared to be in view.

In order to further promote the prospects of an arrangement and also to arrive at a clear definition of the engagements to be undertaken by both sides in the future arrangement, the Danish Government by a note of February 13 to the American Chargé d'Affaires at Copenhagen proposed that the final arrangement should be divided into three parts, to wit:

- (1) An agreement with the Merchants Guild of Copenhagen and the Danish Chamber of Manufacturers;
- (2) An agreement with the Danish Shipowners' Association; and
- (3) An exchange of notes with me regarding the engagements undertaken by the Danish Government on certain well understood and specified conditions.

This arrangement had been found entirely satisfactory in the relations between Denmark and Great Britain and, from conversations with the delegates of the War Trade Board, I understand that the proposed arrangement is equally acceptable to the Government of the United States.

The Danish Government in the said note of February 13 furthermore made what we consider very considerable concessions with regard to our trade with the Central Powers, in order to meet the American viewpoint, and made certain new proposals with regard to the limitation of this trade, mainly for the purpose of making its control easier and facilitating the carrying out of our eventual obligations.

The Danish Government did, however, at the same time maintain their position with regard to the impossibility of allowing Danish ships chartered to the United States to sail in the danger-zones and with regard to the desirability of closing the charter for only six months to begin with, and they also found themselves bound to insist that our concessions with regard to our trade with the Central Powers can only be granted on the condition that the United States Government should consent to and facilitate the immediate export from Chile to Denmark of the saltpeter, which is indispensable for raising a sufficient crop in Denmark both for the daily bread of our people and for keeping our domestic animals alive.

Thereupon at a meeting asked for by me the delegates of the United States War Trade Board on February 28 informed me, that it would

not be possible for them to enter into discussion of the details of the proposed arrangement, unless Denmark could see its way to permit one-third of the tonnage chartered to the United States to sail in the danger-zone and to extend the time of the charter to last for the time of the war.

Having informed my Government accordingly by cablegram on March the 1st, I am now instructed to say that Denmark much regrets its inability to meet the wishes of the United States War Trade Board with regard to sailing in the danger-zone and must adhere to the position always taken that we can not consent to permit any part of the tonnage, which may be chartered to the United States, to sail in the danger-zone.

The political reasons and considerations of neutrality as well as the economical reasons for which we can not grant such consent, have been often explained and are so apparent that I shall refrain from repeating these arguments here.

I only beg leave to say that these reasons are a consequence of the geographical situation of Denmark, the limited nature of its resources and the necessity of providing for the renewal of the economical life of the nation after this to us disastrous war, and that they are of such strength as to overpower any wish which Denmark may have to comply with the desires of the United States even on this point.

The position which the United States War Trade Board has so far taken on this point, that is, to make it a *conditio sine qua non* even for the consideration of any other points of the proposed arrangement, could lend itself to the interpretation that the Government of the United States does not wish to continue these negotiations any longer. The Danish Government would extremely regret if this were to be the case, and must decline responsibility for any such situation.

It is and always has been our earnest desire and effort to arrive at an agreement with the United States and we believe that we have given many and repeated proofs of this desire, lastly by our considerable concessions in spite of the constantly increasing demands on the part of the United States with regard to the engagements we were to undertake, and in spite of the fact that the very limited amount of commodities which we were to receive from America did not even include the feedstuffs for our domestic animals the lack of which spells the ruin of our economic life and of the development to which we had reached thanks to the efficient, systematic and untiring labor of our people.

It is our earnest desire to maintain to the greatest extent possible and develop our commercial relations with the United States and its associates in the war, and we shall only reluctantly be compelled

to divert any part of this trade in other directions. But we can not alter the standpoint with regard to the danger-zone which we have taken after the most earnest consideration of our situation and without consulting with any other nation.

With regard to the other point to which the delegates of the United States have attached such great importance, to wit: the extension of the time charter for the duration of the war, the Danish Government is convinced that an agreement could be reached.

In these circumstances I appeal most earnestly to your good offices, Mr. Secretary of State, and on behalf of the Danish Government I have by special instruction the honor to request that you will give due weight to the political situation involved and will be pleased to use your influence to the effect of making an arrangement and the maintenance now and in the future of full trade relations possible between Denmark and the United States.

I also submit to you that it is highly desirable to endeavour now to end the critical condition of economic uncertainty which has reigned in Denmark since the beginning of the American blockade, sapping the vitality and enterprise of our people.

I have [etc.]

C. BRUN

Danish Assent to the Use of Ships in the War Zone, March 18—Dispatch of a Special Mission to the United States—Negotiations at Washington for an Agreement—British and French Objections to the Proposed Terms

File No. 659.119/263b

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, March 20, 1918, 8 p. m.

6974. For Sheldon [from War Trade Board]:

No. 229. The Danish Minister delivered the following *note verbale* to Secretary of State on afternoon of March 18:

With regard to the possibility that the Government of the United States, contrary to what the Danish Government expects and hopes, should have contemplated [requisitioning] the Danish ships now in American ports, the Danish Minister has been directed to make the following statements to the Honorable the Secretary of State:

1. In view of the reply sent to the Government of the Netherlands and published in the press to the effect that Dutch ships would be requisitioned unless voluntarily chartered also for use in the danger zone, the Danish Government wishes to point out that the situation in this respect in Denmark is not the same as in Holland, and that consequently the same procedure would not be called for in the case of Denmark. The attention is called to the following differences:

(a) The Danish Government has not forbidden Danish ships to sail in the danger zone, but the Minister of Foreign Affairs has on the contrary suggested to the shipowners, agreeably to the

wishes of the Allied Powers, to resume the navigation in spite of the unrestricted German submarine war from February 1, 1917, of which suggestion the British Government declared their appreciation.

(b) Denmark has during the war and also since February 1, 1917, continued to export to the Allies at reasonable prices, and the present decrease of this export is due to lack of foodstuffs and not to lack of good will on the part of Danish agriculture.

(c) Danish shipowners have not kept the Danish tonnage in Danish ports; practically speaking, the whole of the Danish tonnage is in ports of the Allies or of the United States.

(d) Denmark has not as Holland a tonnage of barges which could be offered as a compensation to Germany.

2. The reply (or ultimatum) of the American Government to Holland, and especially the publication of this reply, has to a very great extent rendered the position of Denmark more difficult as furnishing desired material for the agitation of the Pan-Germans and of the German press. Our position in relation to the direction of foreign affairs in Germany has also thereby been rendered more difficult, because a tacit acquiescence by the German Government in a condition which the neutrals were unable to avoid is made vastly more difficult when the question is discussed openly in the press and the passions of the people and the press have thereby become excited.

3. The Danish Government therefore ventures to hope that the Government of the United States will not prejudice the situation of Denmark by taking the same measures in our case as in the case of Holland, and especially by giving publicity to their intentions.

4. As the Danish law forbids Danish shipowners to time-charter their ships without the consent of the Government, the Danish Government has approved that Director Anderson, of the East-Asiatic Company, Ltd., on his own behalf and on behalf of Director Cold, of the United Steamship Company, called on the American Chargé d'Affaires at Copenhagen and, with the understanding that the Government of the United States accept in principle the other counter-proposals made in the note of the Danish Government of February 13, and that the whole question be treated in absolute secrecy, offered to make one-third of the tonnage to be chartered to the United States available for sailing in the danger zone.

After conference with British and French, please cable whether you and they deem a general agreement advisable at this time.

LANSING

File No. 659.119/244

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, *March 22, 1918, 8 p. m.*

[*Received March 23, 3.08 a. m.*]

9183. War Trade Board [from Sheldon]:

No. 327. Your 228 [229]. Cecil says he thinks it very desirable to come to an agreement with the Danes and that the proposal regard-

ing tonnage would be satisfactory provided the necessary terms of an agreement would meet with your approval. He stated that the British Embassy in Washington have been telegraphed in this sense to-night, and I am told that the French are doing likewise. Can you state the amount of tonnage that will be available at Allies' option to put in the service of the Belgian Relief if the Allies so decide?

PAGE

File No. 659.119/245

The Chargé in Denmark (Grant-Smith) to the Secretary of State

[Telegram]

COPENHAGEN, March 22, 1918, 11 a. m.

[Received March 23, 6.35 a. m.]

2072. Referring to your instructions 579 [759], March 1, 6 p. m. As to exporting raw materials to Denmark, the commodities in the amounts herein suggested would not in the opinion of the Legation materially or directly assist Germany and would, if imported on proper guarantees, be used, practically speaking, solely for domestic consumption and further would relieve Danish unemployment to an appreciable degree, and would tend to prevent further unemployment.

It is stated that unless raw materials come, a large portion of the 50,000 textile and associated workers will shortly become idle. There are always rumors of emigration of skilled workers to Germany which will probably not occur to any considerable extent so long as there is prospect of resumption of Danish industry. Suffering from unemployment is relieved by governmental measures varying with each locality. In Copenhagen the unemployed can receive aid, totaling in value about \$8 per week for each married couple and \$12 or more where there are children. Estimated about 45,000 unemployed workers in regular trades in Denmark at the present time. If Danish workers go to Germany, they can have food sent them from Denmark, can have their pay sent in Danish kroner to their dependents at home, and are accepted as members of German unions.

If anything is to be sent to Denmark pending the negotiations, it is suggested that it should be manufactured articles, particularly luxury articles and goods competing with imports from Germany, lists of which can be quickly supplied.

No consideration has been given in preparing the following list to the question whether these commodities or tonnage to carry them can be spared. The amounts suggested are low and not calculated to permit a resumption of normal production although considerably reducing unemployment.

The following articles would be of great benefit in maintaining Danish industries:

- (1) Lubricating mineral oil, not including super-heated steam cylinder oil, 1,000 barrels per month.
- (2) Fuel oil for Diesel engines, 400 tons per month. This is primarily for public utilities.
- (3) In view of the shipment of kerosene on steamship *Texas*, no more is recommended for the present.
- (4) Gasoline, 300 tons per month.
- (5) Raw cotton and cotton waste, 150 tons per month.
- (6) Cotton yarn and thread, 150 tons per month.
- (7) Wool yarns, 100 tons per month.
- (8) Wool waste and shoddy, 30 tons per month.
- (9) Tanning materials sufficient to tan Danish hides as per hide agreement recommended by telegram No. 1977, February 21, 2 p. m.¹
- (10) Paraffin wax, 30 tons per month.
- (11) Copper and alloys, and copper manufactures, 100 tons per month.
- (12) Rubber, on understanding that none be used for motor tires, 20 tons per month.
- (13) Zinc, 40 tons per month.
- (14) Lead, 40 tons per month.
- (15) Pig iron, 300 tons per month.
- (16) Certain raw materials for firms working for Allies whose requirements will be notified as they come forward.

[GRANT-SMITH]

File No. 659.119/243

The Chargé in Denmark (Grant-Smith) to the Secretary of State

[Telegram]

COPENHAGEN, *March 22, 1918, noon.*

[Received 9.06 p. m.]

2073. Referring to the Legation's No. 2072, 22d. Our British and French colleagues concur in the opinion that the importation into Denmark of the commodities designed to relieve Danish unemployment before the conclusion of the negotiations now in progress would sensibly weaken our position and consequently jeopardize their consummation.

[GRANT-SMITH]

File No. 659.119/284a

The Secretary of State to the Danish Minister (Brun)

NOTE VERBALE

The Secretary of State of the United States has taken careful note of the statement of the Minister of Denmark made to him on

¹ Not printed.

March 18, 1918, relative to the possibility that the Government of the United States might contemplate the requisitioning of Danish ships now in American ports.

The Minister of Denmark stated, among other things, that the situation in respect of Danish shipping differs from that which has existed in respect of Netherlands shipping in that Danish tonnage has during the war been kept in active service navigating even the so-called "danger zones" and that the Government of Denmark has but recently approved of an offer by Danish shipowners that a certain amount of Danish tonnage be chartered to the United States for use in the so-called "danger zones," and that the Danish Government ventures to hope that the Government of the United States will not prejudice the situation of Denmark by taking the same measures in their case as in the case of Holland.

The Secretary of State is pleased to be able to assure the Minister of Denmark that the Government of the United States has no present intention of securing the service of Danish ships in American ports by taking the same measures as were employed in respect to Dutch ships on account of military emergency.

WASHINGTON, April 11, 1918.

File No. 659.119/264

The Chargé in Denmark (Grant-Smith) to the Secretary of State

[Telegram]

COPENHAGEN, April 29, 1918, 3 p. m.

[Received 10.30 p. m.]

2211. The Minister for Foreign Affairs informs me that the Germans have blamed Denmark for not withholding a greater portion of their tonnage from overseas trade, pointing to Holland's example in contrast, saying that the Dutch still hold a good portion of their ships in their ports whereas practically all of Denmark's tonnage is engaged in voluntary service for Germany's enemies.

The latter will undoubtedly continue to apply pressure to spur the Danes on to recover from the Allied service under pretext of [omission] as much tonnage as possible. Once in Danish harbors none would be permitted to leave without guarantee of return and then presumably only the bare minimum necessary to meet actual needs, as much as possible being held back to become available for Germany immediately on the conclusion of peace on terms probably similar to those reported imposed on Netherlands' shipping.

I hear that the German Government insist upon the recovery of at least 400,000 tons for Denmark's exclusive use and that a commission consisting of Messrs. A. O. Andersen, Reinhard, and

Hohne [will] proceed to Washington by the *Hellig Olav*, sailing on May 9 under instructions to declare that, unless this amount is allowed them, Danish vessels will be laid up wherever they may happen to be, a procedure which will evidently force the issue. In view of all the circumstances, therefore, I venture to suggest the advisability at the present juncture of determining on the policy to be followed without delay, to secure the ships we need and to send to Denmark, with all despatch, certain commodities which, by reducing unemployment, would tend to counteract whatever undesirable effects the course we may pursue with regard to tonnage may have in Denmark. To the latter end I would strongly recommend that arrangements be made which would insure the arrival in Danish ports of the laden ships not later than six days after the public announcement of our action relative to tonnage and that a proper series of [statements] emanate from this Legation. Such a course would, I am convinced, minimize any artificially stimulated protests on the part of the Danish public.

In reply to my remark that the limits to be fixed for exports to Germany mentioned in his last note seemed very generous, M. Scavenius, while demurring, replied that they could not be changed since Denmark had made agreements with Germany on those lines.

GRANT-SMITH

File No. 659.119/264

The Secretary of State to the Chargé in Denmark (Grant-Smith)

[Telegram]

WASHINGTON, May 8, 1918, 4 p. m.

850. From War Trade Board:

Your No. 2211, April 29, 3 p. m. We are not entirely clear as to what you recommend should be done in view of Germany's attitude which you report. We shall be glad to have full opinion from you as to advisability of attempting to conclude a general commercial agreement with Denmark at this time. You will bear in mind that there is already chartered to the United States and Great Britain a larger amount of tonnage than we could probably stipulate for in any general agreement, and we feel that the mere fact of attempting to secure tonnage by a formal agreement would stimulate greater opposition on Germany's part and that it would thus be more difficult to secure by agreement a smaller amount of tonnage than is now being chartered to us under informal arrangements. Please also indicate what basis there may be for a conclusion that increased good will toward us on the part of the Danish people would operate to prevent Germany carrying out any intentions which she may have formed in regard to Danish ships. Repeat to Owen.

LANSING

File No. 659.119/280

The Danish Minister (Brun) to the Secretary of State

40.A.XXIX-n.

WASHINGTON, May 11, 1918.

[Received May 13.]

SIR: I have the honor to inform you that pursuant to cable-advice received yesterday from the Danish Minister of Foreign Affairs the following five gentlemen will sail from Copenhagen today by the S. S. *Hellig Olav*, and travel to Washington in order to assist in the final negotiation and conclusion of a general shipping and trade arrangement between Denmark and the United States. The five gentlemen are:

- (1) Mr. M. J. C. T. Clan, Chief of the Commercial Department of the Ministry of Foreign Affairs;
- (2) Mr. A. O. Andersen, Vice-Chairman of the Danish Chartering Committee;
- (3) Mr. Karl Reinhard, member of the Danish Chartering Committee;
- (4) Mr. Harald Nielsen, Secretary General of the Committee of the Danish Business Associations; and
- (5) Mr. Hohne, Secretary of the United Steamship Company of Copenhagen.

In the sending of these prominent Danish gentlemen to Washington at this time I beg that you will see a new expression of the importance which Denmark attaches to the maintenance and development of its trade relations with the United States and to the conclusion of the arrangement for which the negotiations have, as you know, been conducted here since the summer of 1917.

I hope that I may have an opportunity of introducing these gentlemen to you upon their arrival, and I beg that such orders may be issued to the Collector of Customs and other officials at New York, which will facilitate their landing at that port with their baggage and effects.

I have [etc.]

C. BRUN

File No. 659.119/296

The Chargé in Denmark (Grant-Smith) to the Secretary of State

[Telegram]

COPENHAGEN, May 22, 1918, 4 p. m.

[Received 11.02 p. m.]

2315. Your 868, 17th instant.¹ Denmark had April 1 about 822,117 tons of steam and motor ships, some 611,000 of which were actually in the Allied service.

¹ "We have no thought of requisitioning Danish tonnage."

The Danish Committee about to arrive in the United States will, pursuant to Germany's orders, demand 400,000 tons for their exclusive use, which would necessitate the release of at least 188,883 tons. In case of noncompliance on our part they are instructed to cause Danish vessels navigating for the Allies to be immediately laid up wherever they may happen to be. Compliance would deprive us of 188,883 tons; noncompliance of some 611,000 tons.

Although I formerly deprecated requisitioning as long as any other course were possible, the present circumstances as reflected in your telegram 850, 8th, and Legation's 2268, 13th instant,¹ as well as the urgent need for the employment by the Allies of every possible ton of shipping at this critical moment, would appear to leave us no alternative. I shall anxiously watch developments. Please keep me confidentially informed of the progress of the negotiations and events.

GRANT-SMITH

File No. 659.119/362k

The Secretary of State to the Chargé in Denmark (Grant-Smith)

[Telegram]

WASHINGTON, June 22, 1918.

926. The Danish commissioners have had a series of conferences with the War Trade Board who have been very favorably impressed with the personnel of the commission. The War Trade Board, during these conferences, have adhered to the terms of the proposal of January 17.² The Legation will be kept informed of any new developments.

LANSING

File No. 659.119/354

The Chargé in Denmark (Grant-Smith) to the Secretary of State

[Telegram]

COPENHAGEN, June 29, 1918, noon.

[Received 7.57 p. m.]

2452. Delegates of Central Powers will begin negotiations with Danish associations July 8, in Copenhagen, for new four months' arrangement for the exchange of products. Iron and steel manufactures important articles for which Germany will receive compensation. Is War Trade Board prepared to license immediately 1,500

¹ The latter not printed.

² See telegram No. 6297, Jan. 19, 1918, to the Ambassador in Great Britain, *ante*, p. 1299.

to 2,000 tons of wrought iron tubing for prompt shipment to weaken enemy's position in negotiations? Indication on our part to raise embargo on iron and steel products will not alone serve to reduce quantities which Germany will receive in compensation but will tend to reduce prices demanded. Urgent. Copy to London.

GRANT-SMITH

File No. 659.119/352

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, June 29, 1918, 6 p. m.

[Received 9.20 p. m.]

10964. War Trade Board from Doctor Taylor:

No. 916. Have discussed Danish negotiations with Seydoux and Cecil. The blockade authorities of the Allied countries are in agreement—

1. That the status of Danish negotiations as outlined by me in accordance with the situation on my departure offers no promise to the Associated Governments;
2. That so far as can be at present discerned, the policy of Associated Governments is to sit tight;
3. It is not the view of our allies that there is any danger of the withdrawal of Danish ships from their present activities if the negotiations should not eventuate into an agreement.

In reply to your No. 744, Department's 8500, June 28, 8 p. m.,¹ with reference to Oppenheimer's proposal, Dutch game unofficial and merely a feeler but obviously a blunder and has been already buried.

LAUGHLIN

File No. 659.119/354

The Secretary of State to the Chargé in Denmark (Grant-Smith)

[Telegram]

WASHINGTON, July 6, 1918, 6 p. m.

958. Your 2452, June 29, noon. Whenever in your sound discretion it appears advisable, War Trade Board will license for prompt shipment 2,000 tons wrought iron tubing, and if you find it will be of service in the situation described in your wire you may intimate that at your request we would be willing to go further in iron and steel materials.

LANSING

¹ Not printed.

File No. 659.119/352

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, July 8, 1918, 7 p. m.

114. For Sheldon [from War Trade Board]:

No. 798. For Taylor. Your 916, Embassy's 10964, June 29, 6 p. m. We believe you should make it clear to Seydoux and Cecil that if Denmark assents to our tonnage proposal, good faith will oblige us to make agreement unless fault can be fairly found with some other demand they make, either upon rations or blockade, and this latter does not seem probable as substantially all blockade measures now agreed to and rations only are under discussion. Danes here expect to receive reply respecting tonnage Monday next. Upon what do the English and French base their belief that there is no probability of Danish ships being withdrawn from present trip charters if general agreement fails?

LANSING

File No. 659.119/366

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, July 9, 1918, 4 p. m.

[Received July 9, 3.45 p. m.]

196. War Trade Board from Taylor:

No. 969. Answering your 798, Department's 114, July 8, 7 p. m. Belief of Allied Governments that Danes will not lay up their ships is founded on their judgement of Danish methods and economic situation. The Danish program of shipments to Germany as stated to me will not be accepted by Allies. Allies are not in favor of granting binder-twine unless this results in reduction of home-grown grain fed to animals. Danes can harvest by hand as Germany does and should be favored with twine only if that results by agreement in reduction of exportable animal products to enemy. Is such an arrangement practical and tangible?

LAUGHLIN

File No. 659.119/367

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, July 10, 1918, 10 a. m.

[Received 10.02 a. m.]

219. War Trade Board from Doctor Taylor:

No. 976. If Danes accept your shipping proposal there remains still the matter of exports to Germany. At last meeting with me in

Washington Danes advanced new proposals for exports to Germany that could not be regarded as related to previous negotiations. Acceptance by them of our shipping proposal does not carry with it acceptance by us of their new proposal of export of fish and agricultural products. This new proposal they stated had been imposed on them in order to secure immunity from new enemy prize court rule. These proposals French and British regard as impossible just as we did. I will take up with Allies acceptance of export clause along line of old agreement and report.

LAUGHLIN

File No. 659.119/377

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, July 15, 1918, 11 a. m.

[Received 8.55 p. m.]

318. War Trade Board from Doctor Taylor:

No. 1095. British Foreign Office make the following observations on tonnage negotiations with Denmark. Allies should receive 465,000 tons leaving Danes 350,000 tons. United States should press insistence on service of Danish sailing vessels in United States waters and also that such tonnage in the 350,000 as may not be needed for the importation of Danish rations should be used by Associated Governments outside the war zone. Even with these conditions it is still the view of the British maritime authorities that for the present the existing distribution of Danish tonnage would be preferable to the agreement for three reasons:

1. The shipping program to France during the coming month will require all available neutral and Allied tonnage.

2. The agreement must mean a loss to the Associated Governments of over 100,000 tons dead weight, probably nearer 200,000 tons, and it is not believed that this loss will be offset by the more settled control which fixed time charters under the agreement will give.

3. The Danes are likely to withdraw their largest and best ships to make up their quota 350,000 tons and such withdrawal would react strongly on the distribution of tonnage in the transatlantic trade.

The British Foreign Office reverts to the general terms of the negotiations for agricultural products exports to Germany as discussed with the Danes last fall. They are opposed to allowing any fodder or fertilizer and believe that the agreement should follow the old lines about as follows: Weekly exportable surplus of bacon, butter, including fresh milk and cream at butter value, and eggs, to be divided on a fifty-fifty basis between the United Kingdom and

Germany after all Scandinavian requirements have been satisfied, British share to be exported to destinations approved by Associated Governments if British are unable to purchase. Fish, 25,000 tons a year with a monthly limit, this to include live fish and fish conserves on a definite ratio. Six thousand head of cattle a week with a weekly limit to include fresh meat, salt meat, conserves, offal at a definite ratio for the latter. Danish Government to enforce absolute prohibition on export to enemy countries of all hides and skins other than on live animals, leather waste, leather goods in return for ration of heavy hides and tanning materials, rations to be on an exchange basis and export of Danish hides to destinations other than the enemy to take place only with approval of Associated Governments. Thirty thousand head of horses a year with a monthly limit of this figure to include horse meat.

With respect to other exportation it is suggested that schedules D and E under the existing Anglo-Danish agreement be withdrawn altogether. Exports of industrial commodities to Germany to be limited to the amounts in 1917 but as for statistics the two Danish associations or the Danish Government should be asked to provide monthly, within one month of exportation, a list of imports of rationed articles showing vessels on which they reach Denmark, a statement for all important commodities showing country of origin and quantities; and a statement of all exports of all articles [with] country of destination. In framing clause limiting exports, Finland and all countries or territory in enemy occupation should be excluded. The two Danish associations should agree to issue their guarantees for all imports from Sweden and Norway. It is suggested that the Danish associations be asked to amend their usual guarantees so as to prevent the sales of imported goods directly or indirectly to firms on the black list. The British have no objection to the exportation of small quantities of fish to Norway and Sweden. The War Trade Board should obtain the insertion of a provision in any final agreement empowering the four Associated Governments to obtain credit for a total of 3,000,000 kroner monthly to be divided between themselves as they may arrange. Any advance not taken in one month to be carried forward to a subsequent period. The funds thus provided to be employed in the purchase of commodities in Denmark or Iceland.

I have no opinion on the subject of tonnage. I believe the British proposals on exports to Germany are correct and that the Danish proposals represent an entirely new viewpoint enforced on them by the enemy and that these should be rejected and the agreement drawn along the basis of our original discussions and the present British formulation.

LAUGHLIN

File No. 659.119/417a

The Acting Secretary of State to the Ambassador in Great Britain
(Page)

[Telegram]

WASHINGTON, July 22, 1918, 5 p. m.

339. For Sheldon [from War Trade Board]:

No. 902. On July 20 British and French cabled their respective Governments very fully about Denmark negotiations. That part of cable to Foreign Office stating War Trade Board was prepared to follow the opinion of London and Paris if they agree that the negotiations should be allowed to drop, we have asked them to correct in such a manner as to avoid the Board's being committed to drop the negotiations even if London and Paris think best. While this might be the course finally decided upon as advisable, we prefer securing the English and French views without commitment to act in accordance therewith until we have had time to consider it. We shall be glad to have your opinion on the whole Danish negotiation after you have read British cable which expresses the Board's views in all matters except the one referred to above.

POLK

File No. 659.119/391

The Chargé in Denmark (Grant-Smith) to the Secretary of State

[Telegram]

COPENHAGEN, July 22, 1918, noon.

[Received 8.05 p. m.]

2554. The published four months' commercial agreement between Denmark and the Central Powers as from August 1 is as follows:

Denmark contributes foodstuffs at increased prices, receiving in return promised compensation in salt, iron, coal, potash, petroleum, etc., in return for an extra quantity of butter. Germany has promised an extra supply of benzine for the Danish fisheries. No quantities were fixed for the foodstuffs to be exported to Germany; the amounts to depend upon the exportable surplus available. Copy to London.

GRANT-SMITH

File No. 659.119/439c

The Acting Secretary of State to the Ambassador in Great Britain
(Page)

[Telegram]

WASHINGTON, July 27, 1918, 9 p. m.

459. For Sheldon [from War Trade Board]:

No. 942. We are in receipt of a letter from the British Embassy stating that the British Government would not agree to any deduc-

tion below 200,000 tons in the amount of tonnage to be placed at the disposal of the Allies under the terms of the proposed agreement with Denmark and that the British Government would not make any concession on account of the 40,000 tons of Danish ships sunk by German submarines while in Allied service. Repeat to Copenhagen.

POLK

File No. 659.119/410

The Chargé in Denmark (Grant-Smith) to the Secretary of State

[Telegram]

COPENHAGEN, August 1, 1918, 2 p. m.

[Received August 2, 2.16 a. m.]

2571. My 2564, July 30, 8 p. m.¹ [I understand] that as a result of a conference yesterday attended by the Prime Minister, the Minister of Foreign Affairs, representatives of the associations and of agriculture, and Mr. H. N. Andersen for shipping, telegraphic instructions were sent last night to the Danish delegates now at Washington to offer further concessions as to tonnage and the reduction of exporting to Germany. Mr. Andersen read me the telegram which confers broader powers on the delegates, authorizes reopening the negotiations on these lines, and urges them to establish mutual confidence. The desire to reach a speedy agreement appears so keen that it seems probable the proposals might be entirely recast to suit the Allied interest. Copy to London.

GRANT-SMITH

File No. 659.119/421

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, August 4, 1918, 3 a. m.

[Received 10.30 a. m.]

827. War Trade Board [from Sheldon]:

No. 1164. Your 902, Department's 339, July 22. I have seen the telegram that the Foreign Office propose to send to Lord Reading setting out their views on the Danish negotiations. I understand that the American, British, and French Ministers at Copenhagen have stated that they were not in favor of concluding an agreement without their stating so far as I know the reasons that would seem to justify this action provided the Allied terms as regards exports to Germany could be obtained. I learn that the British consider your estimate of 350,000 tons of shipping that would be obtained if requisitions were resorted to is much too low a figure. Their estimate is about 500,000 tons. The British position is so fully stated in

¹ Not printed.

the telegram to Lord Reading that there seems nothing else useful to add except that it seems the general opinion here that if the negotiations break down, the Danes will be forced under pressure from the Central Powers to lay up their shipping which would necessitate our requisitioning. If, therefore, the Danes will meet our conditions as to limitation of exports to the Central Powers, it would be preferable to come to an agreement even if the amount of tonnage so obtained does not equal the British estimate of the amount which could be requisitioned. The latest advices received at the Foreign Office from Denmark would lead to expectation that the Danes are more desirous of concluding an agreement which probably to some degree is affected by the change in the military situation. Doctor Taylor points out that if rock phosphate be substituted for Norwegian nitrates, their import would not particularly benefit the Danish agriculture until 1920 on the assumption that the Danes have no sulphuric acid available to treat phosphate rock.

PAGE

File No. 659.119/439a

The Acting Secretary of State to the Ambassador in Great Britain
(Page)

[Telegram]

WASHINGTON, August 10, 1918, 4 p. m.

716. The Danish negotiations are now progressing and for your information and that of Sheldon and Stevens the following is present status:

The Allies would receive about 200,000 tons more tonnage for war zone service than is at present in use, as most of the Danish tonnage is in safe trades. Under the English-Danish agreement there are only 114,000 tons chartered to Great Britain for war zone service. In addition to this there is a flexible amount now aggregating about 56,000 tons which is running mainly to Italian ports from United States. This makes a present total in use of 170,000 tons deadweight, whereas when the agreement is perfected England would receive full 200,000 tons under charter and United States would receive 88,000 tons for war zone service and 82,000 tons for Belgian Relief, which would release Norwegian and Belgian tonnage now trading for Belgian Relief. This means an actual gain of 200,000 tons for war zone service which at the present time, in view of our urgent need for vessels in the trade delivering food stuffs to France and Italy, we feel is a very strong reason for concluding the agreement at the earliest possible date.

We would ask that you confer with British authorities and try to secure their prompt concurrence to the concluding of the agreement.

POLK

File No. 659.119/430

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, August 14, 1918, 7 p. m.

[Received August 15, 2 a. m.]

1104. War Trade Board [from Sheldon]:

No. 1234. State Department No. 716, August 10, 4 p. m. Have consulted British authorities who call attention to the fact that the telegram deals only with tonnage and so far as it goes it seems quite satisfactory to them. They regard as of extreme importance the other part of the agreement which relates to the limitation of exports to Germany. They have not heard from Washington the result of the discussion with regard to the latter and must await further advice [before] giving full concurrence.

PAGE

War Trade Board Files : Danish Negotiations, Vol. II*The Chairman of the War Trade Board (McCormick) to the Danish Minister (Brun)*

WASHINGTON, August 30, 1918.

MY DEAR MR. MINISTER: The War Trade Board, at its meeting this morning, considered various aspects of the negotiations which have now for some time been going on by the representatives of your Government in Washington and the War Trade Board with reference to the conclusion of a commercial understanding. Among other things, consideration was given to your suggestion that 50,000 tons of fertilizers should be included in the schedule of imports to Denmark in exchange for the export of 100,000 tons of grain to Norway. The decision of the Board was that this suggestion was unacceptable. The present delay in negotiations, the reason for which is not entirely clear to us, was also the subject of discussion, and the Board requested me to acquaint you with its feeling that in view of this delay, for causes for which the Board is not responsible, it will probably be necessary, if a final understanding is eventually reached, that the limitation on exports to the Central Powers which may be fixed shall become effective as of August 15, 1918. I am sure you will understand that otherwise the effect of the arrangements upon which we had tentatively agreed might to a large extent be nullified on account of the undue protraction of the negotiations. It is, I feel, to be regretted that after we were in accord on all subjects except nitrate imports the conclusion of negotiations should be delayed and many new questions re-opened by proposals for changes such as have recently been put forward on behalf of your Government.

I am [etc.]

VANCE MCCORMICK

The Danish-American Agreements of September 18—The Anglo-Danish Shipping Agreement

*Agreement between the War Trade Board of the United States and the Merchants' Guild of Copenhagen and the Danish Chamber of Commerce*¹

The War Trade Board, an administrative agency empowered by Executive order of the President to license exports from the United States, hereinafter designated as the Board, and the Merchants' Guild of Copenhagen and the Danish Chamber of Manufacturers, hereafter jointly designated as the Associations, have considered the commercial relations between the United States and Denmark, during the continuance of the present war, for which period this agreement shall continue, subject to termination at the end of twelve months by the Associations upon their giving three months prior notice in writing of their intention to terminate the same.

The Board and the Associations have agreed as follows:

ARTICLE I

1. The powers of the Board are administrative and pertain wholly to the Nation's domestic or internal affairs.

2. In consideration of the stipulations hereinafter set forth, the Board agrees to license the export, or facilitate the obtaining, as the case may be, of the commodities enumerated in the schedules hereto annexed and made a part hereof.

3. If sufficient quantities of any of said commodities are not deemed available for exportation from the United States at the time when they are required, export licenses shall be granted for as great a part thereof as are available, compatible with the rules and regulations set forth in this agreement. And in such cases if there are in the United States commodities that can be spared which are capable of use as substitutes for the commodities named in the schedules, licenses will be granted for their export. And the War Trade Board will render such assistance as lies in its power to enable said associations to secure elsewhere the commodities enumerated in said schedules. And said Board will grant licenses for bunker fuel and ships stores under their rules governing the same to vessels transporting the same commodities to Denmark from the United States or other countries.

Vessels carrying supplies to Denmark in compliance with the present agreement shall not in any way be hindered, held or seized by the United States or the Governments associated with it in this

¹The texts of this and the following agreement and letter are those of the War Trade Board's confidential print. The final draft of each in the War Trade Board files bears the notation "approved" with the signatures of R. S. Hudson of the British Embassy and Grimpel of the French High Commission.

war, subject however to the exercise by the Allies of the right of visit and search.

4. The schedules annexed hereto are intended to set forth an estimate of Denmark's actual needs. In the event Denmark's needs exceed such estimates, requests for additional quantities of the commodities enumerated in said schedules with appropriate data in support of such requests may be presented for the consideration of the War Trade Board, but nothing herein contained is intended as an assurance that licenses will be granted for such increased quantities.

Denmark's genuine requirements for home consumption of articles not mentioned in the schedules attached hereto will also, without present commitment, be taken into favorable consideration by the War Trade Board.

ARTICLE II

In consideration of the granting of such export and bunker and ship stores licenses for the exportation from the United States and other countries to Denmark of the commodities enumerated in the annexed schedules, the Associations agree to the following stipulations:

1. The quantities of the several commodities set forth in the schedules annexed, for which licenses may be granted, are based upon the total estimated import needs of Denmark (exclusive of imports from the Central Powers, provided they originated in the territory of said Powers) for each twelve months period during the continuance hereof, and, since these commodities are to be withdrawn from already restricted world supplies, it is expressly understood that all supplies Denmark is enabled to import from all other countries (except the Central Powers as above) shall, as and when imported, be deducted from the quantities of the several commodities enumerated in said schedules. It is understood with respect to commodities in the schedule imported from Finland or Russia, that each two tons shall be counted upon as only the equivalent of one ton imported from elsewhere.

The commodities described in the said annexed schedules are to be imported for consumption in Denmark; and the quantities thereof which shall be licensed (notwithstanding the aggregate quantities set forth in the schedules annexed) shall at all times be limited by actual internal requirements of Denmark, with due regard to existing stocks and to the importation into Denmark from countries where the license of the Board is not required, other than the Central

Powers as aforesaid, of like commodities or commodities capable of use as substitutes for those described in the annexed schedules.

No articles imported into Denmark under the provisions hereof shall be directly or indirectly exported from Denmark to the Central Powers nor shall any articles released by such importation be exported from Denmark to the Central Powers.

2. No articles shall be exported by Denmark to any other neutral country for exportation directly or indirectly to Germany or her allies, nor shall any articles be exported to any other neutral country in any case where such exportation will directly or indirectly serve to release for export to Germany or her allies any article or commodity in such neutral country of whatever origin.

3. The Associations will furnish the Board with guarantees similar to those which they have undertaken to issue to the British Government under the Anglo-Danish trade agreement of November 19, 1915, and will use every effort within their power in regard to the effective enforcement of all export prohibitions, regulations and restrictions.

4. The right is reserved to the War Trade Board to determine the distribution of the allotments for export from the United States both as to time and port, but due consideration shall be given to any representations of the Associations that may from time to time be made in regard thereto. And the Associations will from time to time freely consult with the Board as to the oversea sources from which the articles which are to be imported into Denmark shall be obtained.

5. No commodities which the United States or its associates in the war will furnish to Denmark shall be used in the production of any commodity to be exported to the Central Powers. If any commodity or any part thereof imported under this agreement by Denmark shall be exported or re-exported to any neutral country such commodities shall be exported or re-exported on the express condition that they shall not be exported or re-exported by such neutral country to the Central Powers, and the Associations undertake to take such steps as will effectively prevent such re-export to the Central Powers. With respect to such non re-export, the following guarantees will be satisfactory to the Board until written or telegraphic notice to the contrary:

For Switzerland—Agreement of the S[ociété] S[uisse de]
S[urveillance Economique];

For Holland—Agreement of the N[etherlands] O[versea]
T[rust];

For Sweden—Handels Kommission certificate or the guarantee of such association or associations as may be at the time of such exports acting under the agreement between Sweden and the Associated Governments.

For Norway—Such association or associations as may be acting at the time of such export under the United States-Norwegian agreement.

6. It is further guaranteed by the Associations that lubricating oils, kerosene and gasolene received from the United States shall not be employed in factories or in manufacturing plants of any kind operating to produce commodities for export to Germany except as follows:

To avoid inconvenience which will result from the literal enforcement of the preceding paragraphs in regard to the use of lubricating oil, kerosene and gasolene in the catching of fish for whose export to the Central Powers provision is made in the note of the Danish Minister of even date herewith, it is stipulated that said prohibitions shall not be applicable to exports of the quantity of fish provision for the export of which is made in said note, *provided* that the Central Powers shall furnish in advance of the export of the fish intended for said Powers oil in the ratio of about one ton for each ten tons of fish so to be exported.

To avoid like inconvenience in regard to the oil, kerosene and gasolene employed in the manufacture of butter and bacon in dairies and pig slaughteries, the product of which shall be in part supplied to Germany and in part to the other Scandinavian countries and Great Britain, it is agreed that the prohibition contained in the note of the Danish Minister aforesaid shall not limit the right to use oil, kerosene and gasolene obtained from the United States and her associates in Danish dairies and pig slaughteries in which only dairy products and pork products respectively are produced.

7. The Associations agree not to issue any import guarantee to or for any person or firm or corporation on the statutory or enemy trade lists, and the Associations agree with respect to persons, firms or corporations, concerning whom they receive notice that they are suspected of enemy affiliations, to grant only temporary guarantees pending examinations of proofs under the rules now governing under the Anglo-Danish agreement.

8. The Associations agree to furnish or procure the furnishing of the same guarantees as under the Anglo-Danish agreement with respect to all commodities imported into Denmark from Norway and/or Sweden with respect to their non re-export to the Central

Powers, and the Associations further agree that no articles shall be directly or indirectly released by the importation of commodities imported from Sweden and/or Norway for exportation to the Central Powers.

ARTICLE III

1. It is understood and agreed that the persons, firms and corporations who may export to the Central Powers commodities in the quantities in the note of even date herewith from the Danish Minister to the Chairman of the War Trade Board provided for shall not, because of such export by them, be deemed enemies or be discriminated against by the United States or the nations associated with the United States in the war.

ARTICLE IV

Nothing herein contained shall be construed as in any manner modifying or changing the terms or conditions of any arrangements or agreements between the Governments of Denmark and France, Italy or Great Britain providing for the prohibition or restriction of exports from Denmark, nor the terms or conditions of any arrangement or agreement between the Governments of Denmark and France, Italy or Great Britain, or the terms or conditions of any guarantees given to or agreement made with those governments by Danish citizens or firms which either is now in force or which having been in abeyance owing to the suspension of imports into Denmark, may be revived when such imports recommence under the terms of this agreement. If any agreement by the terms of which Denmark is receiving from any country associated with the United States in the war all or any part of any commodity needs provided for in the annexed schedules, shall, during the continuance of this agreement, be denounced or terminated at the instance of the Danish Government, then the quantity of any commodity which Denmark would have been entitled to receive had she permitted the agreement so terminated to continue in force shall be deducted from the quantities of such commodities set forth in the annexed schedules.

WAR TRADE BOARD
By VANCE C. McCORMICK, *Chairman*
MERCHANTS' GUILD OF COPENHAGEN
and
DANISH CHAMBER OF MANUFACTURERS
By HARALD NIELSEN

Dated: 18 September, 1918.

ANNUAL QUANTITIES OF SUPPLIES FOR DENMARK UNDER GENERAL
AGREEMENT WITH THE UNITED STATES

FOODSTUFFS

SCHEDULE A

Commodity	Quantities in metric tons	Notes
Corn starch-----	1, 000	Conditional upon no cereal or cereal products exports to Central Powers—if further quantity would be agreed condi- tional upon an equal quan- tity of cereals being exported to approved destinations.
Rice-----	4, 000	
Sago and tapioca and products---	3, 000	Do.
Pork casings-----	300	To be obtained in Holland.
Cocoanut, desiccated-----	150	
Apricot and peach kernels-----	100	
Other nuts and kernels-----	500	
Glucose-----	250	
Apples, bananas, citrus fruits---	7, 000	Conditional upon no fruit or berries being exported to Cen- tral Powers in any form.
Dried fruits-----	3, 000	Do.
Canned fruits-----	200	Do.
Coffee-----	16, 000	
Tea-----	600	
Cocoa-----	2, 000	Subject to examination of exist- ing stocks and reported recent imports, and as to 1,000 tons, subject to negotiations and the release of detained cocoa.
Spices, not including cumin-----	500	To be obtained in Holland but failing this to be reconsidered as to point of origin.
Pepper-----	140	Do.
Stearine-----	600	
Total-----	39, 340	

FUELS AND OILS OTHER THAN EDIBLE

SCHEDULE B

Commodity	Quantities in metric tons	Notes
Kerosene, gasoline, lubricating oils and greases, crude petro- leum and dark refuses.	80, 000	Including not over 7,000 tons lubricating oils.
Castor oil (medicinal)-----	10	Equivalent in linseed provided the cake resulting therefrom is immediately reexported to ap- proved destinations, and in any case not more than one-quarter of annual quantity of seed and/or cake shall be in Den- mark.
Linseed oil-----	6, 000	
Paraffine-----	400	
Soaps and powders-----	400	
Total-----	86, 810	

ANNUAL QUANTITIES OF SUPPLIES FOR DENMARK UNDER GENERAL AGREEMENT WITH THE UNITED STATES—Continued

METALS, MACHINERY AND INSTRUMENTS

SCHEDULE C

Commodity	Quantities in metric tons	Notes
Copper and manufactures of (including brass).	3, 500	
Brass wire-----	34	
Brass wire screens for paper making.	20	
Brass screws-----	36	
Various instruments for technical, scientific and nautical purposes (if approved).		Quantity to be in accordance with actual Danish requirements for home consumption.
Iron and steel products, including shipbuilding material.	150, 000	Shipbuilding material to be subject to special agreement.
Electric lamps-----	70	
Motors, automobiles and parts (excluding tires).		Quantity to be in accordance with actual Danish requirements for home consumption.
Electrical machinery-----		Do.
Bicycles and bicycle parts (excluding tires).		Do.
Typewriters, accounting machines, office equipment supplies.		Do.
Sundry machinery and parts (if approved).		Do.
Manganese dioxide-----	600	
Nickel and manufactures-----	14	
Antimony-----	25	
Hand tools of various kinds.		Do.
Aluminum and manufactures-----	132	
Lead and manufactures-----	3, 000	
Tin and tin plate-----		Quantity to be later agreed.
Zinc sheets-----	300	
Zinc and manufactures-----	2, 700	
Silver and manufactures-----	14	
Hardware-----		Quantity to be in accordance with actual Danish requirements for home consumption.
Total-----	160, 445	

FIBRES AND THEIR PRODUCTS

SCHEDULE D

Commodity	Quantities in metric tons	Notes
Raw cotton and cotton waste----	5, 000	
Cotton thread and yarn-----	2, 000	
Cotton manufactures-----	4, 000	
Hemp-----	3, 000	
Cordage-----	800	
Jute-----	420	
Silk manufactures-----	200	Subject to existing stocks and recent imports and not to include present list of silk manufactured goods now imported and classified as non-essentials.

ANNUAL QUANTITIES OF SUPPLIES FOR DENMARK UNDER GENERAL AGREEMENT WITH THE UNITED STATES—Continued

FIBRES AND THEIR PRODUCTS—Continued

SCHEDULE D—Continued

Commodity	Quantities in metric tons	Notes
Binder twine.....	1,600	To be modified in accordance with acreage to be machine-harvested, at rate of 2 kilos per acre.
Wool shoddy and yarn.....	1,500	
Woolen goods.....	1,200	To consist of fibre suitable for and to be used mainly for brooms, brushes and matts. A statement of the actual use to be submitted to the War Trade Board.
Vegetable fibres.....	1,000	
Total.....	20,720	

NON-EDIBLE ANIMAL AND VEGETABLE PRODUCTS

SCHEDULE E

Commodity	Quantities in metric tons	Notes
Cork and manufactures.....	1,200	Conditioned upon the export to Norway and/or Sweden of entire exportable surplus. No stock to be accumulated in Denmark of hides as such or in manufactured form.
Heavy hides.....	3,000	
Leather soles, upper leather, belting, lacquered and dyed leather.	800	Time of commencement of imports to depend on existing stocks.
Boots and shoes.....	280	
Leather goods (manufactured).....	200	
Crude rubber.....	130	
Bicycle tires.....	100	
Rubber footwear.....	100	
Machine packing.....	100	
Motor and motorcycle covers and tubes.	250	
Other rubber articles and manufactures.	100	
Tobacco.....	5,700	
Feathers.....	700	
Various glues and limes.....	500	
Total.....	13,160	

ANNUAL QUANTITIES OF SUPPLIES FOR DENMARK UNDER GENERAL AGREEMENT WITH THE UNITED STATES—Continued

WOOD, PULP, PAPER, PLANTS AND SEEDS FOR SOWING

SCHEDULE F

Commodity	Quantities in metric tons	Notes
Various woods (not including walnut, spruce or mahogany).	300	Furniture and other approved manufactures in accordance with Danish needs.
Flower bulbs.....	740	
Timothy and other grass seeds (not including clover seed of any variety).	1, 250	
Vegetable tanning materials (30% extract).	6, 000	
Bamboo.....	100	
Total.....	8, 390	

CHEMICALS, DRUGS, EARTH, MINERALS AND MISCELLANEOUS

SCHEDULE G

Commodity	Quantities in metric tons	Notes
Lime borate.....	200	Beeswax not to exceed 20 tons. Vegetable wax up to a further 50 tons as a replacement of proved exports to approved destinations in manufactured form will be allowed, making a maximum quantity of 120 tons.
Coal pitch.....	600	
Calcined soda, caustic soda, soda ash.	12, 500	
Sulphur.....	270	
Citric acid.....	20	
Vegetable wax.....	70	
Tragacanth and various gums.....	90	Quantity to be in accordance with actual Danish requirements for home consumption. Do.
Shellac.....	90	
Turpentine, refined.....	15	
Turpentine oil.....	500	
Mineral turpentine (for varnish).....	300	
Zinc lead and other paints.....	2, 500	
Varnishes.....	700	
Wood tar.....	900	
Resin.....	1, 500	
Chemicals (if approved).....		
Drugs, medicines and medicinal supplies, including mercury in medicinal form and for medicinal purposes and including instruments.		

ANNUAL QUANTITIES OF SUPPLIES FOR DENMARK UNDER GENERAL AGREEMENT WITH THE UNITED STATES—Continued

CHEMICALS, DRUGS, EARTH, MINERALS, ETC.—Continued

SCHEDULE G—Continued

Commodity	Quantity in metric tons	Notes
Graphite-----	100	To be obtained in Norway. Quantity to be in accordance with actual Danish requirements for home consumption.
Asbestos (no erocidolite)-----	275	
Asphalt (not petroleum residue)---	3, 250	
Talc-----	150	
Sanitary goods-----	-----	
Total-----	24, 030	
GRAND TOTAL-----	352, 895	

*Agreement between the War Trade Board of the United States and the Danish Special Shipping Committee*¹

WASHINGTON, September 18, 1918.

In view of the arrangements perfected between the War Trade Board and the Danish Merchants Guild, etc., regarding supplies, provisions and necessary commodities for shipment to Denmark, it is hereby agreed:

1. That the Danish Special Shipping Committee (Fragtnavn) will charter to the United States Shipping Board 265,000 deadweight tons of shipping, and to Great Britain, under an agreement to be simultaneously executed, 200,000 deadweight tons of shipping, all steamers and motor vessels to be over 500 tons deadweight.²

Denmark is to have the balance of her ships for her own needs, estimated to be about 340,000 tons deadweight.² This amount of tonnage is to be run for the needs of Denmark, carrying commodities to and from the Kingdom of Denmark, Iceland, Greenland and the Faroe Islands.

Should any of the vessels allotted to Denmark for her own needs not be required for the trade mentioned above, they shall be chartered at the option of the War Trade Board to Belgian Relief or Swiss Government, at the time charter rate of \$10.75 per ton deadweight per month and other conditions as per clause 5.

It is agreed that the allotment for the various trades of Danish motor vessels and steamships of over 500 tons deadweight shall be as per schedules hereto annexed. No Danish vessels chartered to

¹ See footnote 1, *ante*, p. 1339.² Annexed lists of ships not printed.

the United States shall be employed for transport of troops or in European ore trade.

2. It is agreed that if vessels chartered to the United States should be lost through war or marine risks the United States agrees that it will not request any substitutes for such vessels, beginning from the time that this agreement is signed.

It is further agreed that of the motor vessels and steamships allotted to the United States according to clause 1, about 80,000 deadweight tons shall be chartered to the Belgian Relief and/or Swiss Government, and the balance to the United States Shipping Board, to be used as follows:¹

1st: about $\frac{1}{2}$ in or outside the so-called German submarine danger zones as of January 16, 1918.

2d: about $\frac{1}{2}$ outside such danger zones.

(A map of the danger zone is herewith attached in order that there may be no question about the definition of it.²)

Time charter rates on motor vessels and steamers chartered to the United States Shipping Board to be \$10.75 per ton on the boats chartered to the Belgian Relief or Swiss Government and the one-half in or outside the so-called German danger zones as above mentioned. The time charter rate on boats used outside the above-described danger zone is to be \$8.50 per deadweight ton per month.

Charter of the above mentioned steamers shall be for periods of six months and the Danish Special Shipping Committee hereby undertakes that they will until peace is signed by the United States of America renew these charters one month in advance of their expiration on the same conditions.

Providing the regulations of the American and British naval authorities are observed, Danish vessels trading under time charter to the United States or Great Britain in the trades to and from Europe and the Atlantic islands will, as far as possible, be protected by allied naval vessels.

Any vessels trading in accordance with the provisions of this agreement, including those trading in Danish interests, which may be damaged while so trading, shall be allowed facilities for necessary repairs, as soon as practicable, providing material and labor can be spared for the purpose.

Any Danish vessel under charter to the United States Shipping Board which may be lost or rendered unserviceable by reason of any peril (other than war peril which is for account of the charterers) and which may be afterwards repaired or salvaged shall be restored to the service of the United States Government with all possible despatch.

¹Annexed lists of ships not printed.

²Not printed.

3. In the event of the so-called German danger zones being extended beyond the limits in force of January 16, 1918, owners of vessels chartered for use outside danger zones as of January 16, 1918, shall have the option of either continuing under their existing charters or rechartering on terms and conditions set out in this agreement for trades inside, to and from the danger zone of January 16, 1918.

The new terms shall apply from the date on which the vessel completes the voyage upon which she was engaged at the time when notice is given.

That the rate of hire payable for vessels trading in the danger zone shall be only payable while they are in such trade; that should they later be transferred to their previous trading limits it is agreed that hire shall again revert to the \$8.50 basis.

Owners may exercise this option at any time on not less than twenty days notice being given to charterers.

All vessels are to be chartered to the United States on Baltime charter forms, and conditions to be as per attached forms.

4. Owners of vessels time chartered to the United States, Belgian Relief Commission or Swiss Government shall not be subjected to any taxation by the United States by reason of such ownership, as long as this agreement holds good, nor shall the freight earned, insurance money recovered or interest thereupon be subjected to any such taxation.

5. On steamers and motor vessels chartered to the United States it is agreed that the United States will indemnify owners for losses caused by war risk on the basis of the following valuations:

Ships over 30 years old: \$140 per ton d. w.

Ships 10 to 30 years old: \$165 per ton d. w.

Ships under 10 years old: \$190 per ton d. w.

As to vessels insured against marine risks with Danish underwriters it is agreed that losses for which Danish marine underwriters are not considered liable by So-og Handelsretten in Copenhagen, or eventually by the Supreme Court of Denmark, shall be considered losses through war risks.

It is further agreed that when off hire the vessels are held covered against war risk by the United States. The forms of Danish marine policies at present existing, and existing Danish war risk laws shall apply, but detention money is not to be paid or indemnity given in respect of the capture, seizure or detention of any vessel by the Associated Governments.

Payment for such losses as referred to in the first paragraph of this article and for which the United States are responsible under this agreement shall be made in New York or Washington to the

Danish owners within twelve months after the loss of the vessel and interest at 5 per cent shall be paid beginning 60 days after proof of loss of the vessel.

6. The United States undertakes to license necessary bunker fuel, ships stores and provisions for ships reserved for Denmark's own use, said bunker fuel to be sufficient to take the vessels to Denmark direct and return, it being agreed by the Danish Special Shipping Committee that no vessel shall land any part of said fuel, stores or provisions so obtained from the United States in Denmark, or any insular possession of Denmark, or elsewhere or transfer them to any other vessel without specific permission of the War Trade Board.

Vessels time chartered to the United States, Belgian Relief Commission or Swiss Government, and vessels employed in overseas trade for Denmark's benefit to sign United States Bunker Regulations, as per form annexed hereto.¹ Danish vessels named to run in specific Danish or Scandinavian trade shall not be requested to sign the United States Bunker Regulations.

7. The United States will endeavor to aid vessels employed in overseas trades for Denmark's own use in getting as quick despatch in the United States ports as possible, and the Danish Special Shipping Committee agrees that all vessels allotted for Danish needs shall carry full cargoes, as far as possible, in both directions, and shall be handled with the utmost possible despatch.

No Danish vessels over 500 tons are to lay up except for necessary repairs, except those on the annexed list.¹ No steamers are to be allowed to go in ballast to load cargo in any other oversea ports than the United States, to carry rations under this agreement.

8. The proper authorities of the United States and Great Britain will give necessary instructions to Danish vessels with regard to routes, time of sailing, etc., which instructions Danish masters will be instructed by their owners to follow.

9. Steamers and motor vessels now under time charter to United States or Great Britain, allocated in this agreement for service to Denmark, Great Britain or the United States, are to enter such service immediately on expiration of their present time charters.

Charter parties are to be signed for each vessel as she is named to the United States by the United States Shipping Board and the Danish Special Shipping Committee. Steamers now under charter to the United States shall be delivered under this agreement at the port where their present time charters expire. Other steamers are to be delivered at a United States port on the East or West Coast of the United States, at the option of the Shipping Board, delivery

¹ Not printed.

being accepted at a port on the coast where the voyage or charter of the vessel ends.

On the expiration of this agreement steamers that are on time charter to the United States Shipping Board under this agreement are to be redelivered on expiration of their charters at a port in the United Kingdom or on the Continent between Bordeaux and Rotterdam or at an east coast United States port within the limits of their charter.

The Danish Special Shipping Committee agree that they will furnish a monthly statement to the Shipping Board and the War Trade Board showing the position and deadweight carrying capacity of all steamers under the Danish flag; this will include all arrivals and sailings from Denmark.

10. As a special concession to the Danish shipowners, in order to aid the rebuilding of the Danish Mercantile Fleet the War Trade Board agrees to license to the Danish Special Shipping Committee about 25,000 tons of shipbuilding materials. This shall begin to be licensed during 1919 if and as soon as the needs of the United States and her Allies will permit.

11. This agreement is to hold good until peace is signed by the United States of America, unless the United States shall, at the end of one year, give notice cancelling this agreement.

WAR TRADE BOARD

By VANCE C. McCORMICK, *Chairman*

DANISH SPECIAL SHIPPING COMMITTEE

By A. O. ANDERSEN

KAY REINHARD

War Trade Board Files

*The Chairman of the War Trade Board (McCormick) to the Danish Minister (Brun)*¹

WASHINGTON, September 18, 1918.

SIR: An agreement between the Merchants' Guild of Copenhagen and the Danish Chamber of Manufacturers on the one part and the United States War Trade Board on the other part regarding the supply of certain commodities to Denmark and for other purposes, and another agreement between the Danish Special Shipping Committee on the one part and the United States War Trade Board on the other part, having been signed here at Washington, D. C., today by the respective representatives, the undersigned War Trade Board

¹ See footnote 1, *ante*, p. 1339. An identic letter was addressed under the same date by the Danish Minister to the Chairman of the War Trade Board.

of the United States, by Vance C. McCormick, Chairman, wishes to state as follows with regard to the understanding and carrying into effect of the two agreements.

(1) It is understood that in all cases the Danish Government will take all such steps as may be required to enable the Associations to fulfill the obligations undertaken by them in the said agreements, and that no dispensation will be granted by any Danish Ministry in conflict with the provisions of the agreements.

(2) It is understood that the Danish Government, in view of the desire of the War Trade Board of the United States that an embargo in relation to the Central Powers should be declared with regard to the exportation of eggs, lard, cheese, milk, tallow, fats, fish-oil, whale-oil and all other oils and fats, excepting bacon and butter, will make the export prohibitions effective in the sense desired for all articles with the following exceptions:

Butter, bacon, eggs, milk and cheese (milk and cheese to be reckoned according to their butter value) may be exported to the Central Powers in quantities not to exceed in the aggregate in any one year twenty-four thousand two hundred (24,200) tons at a rate not to exceed four hundred (400) tons per week from September to April, inclusive, and at a rate not to exceed six hundred (600) tons per week from May to August, inclusive, except as follows:

(a) Denmark shall be under obligations first to export to Sweden and Norway at least thirty per centum of her total exportable surplus of butter, bacon, milk and cheese and at least twenty-five (25) per centum of her total exportable surplus of eggs. Fifty (50) per centum of the exportable surplus remaining after Norwegian and Swedish requirements have been met as above may be exported to Germany, provided that they do not exceed the tonnage per week permitted above.

(b) Denmark shall be entitled, during any two weeks, to defer all or any part of the amount she has the right to export hereunder, and such amount as she may defer exporting she shall make up in any following week or weeks by adding such deferred export to the amount she has the right hereunder to export weekly. The foregoing privilege of deferring shall not be cumulative.

(c) Denmark shall also be entitled during any two successive weeks, irrespective of whether she is or is not entitled to export a surplus by reason of having previously refrained from exporting her whole weekly allotment, to increase her export by an amount not in excess of two weeks allotment, provided such increase shall during the successive two weeks be deducted from the amount she has the right to export hereunder.

The foregoing quantities to the Central Powers are conditioned, however, that such export shall not reduce Denmark's exportable surplus of said articles to such an extent as to prevent the exporta-

tion to Great Britain of an amount equal to such authorized exports to the Central Powers, provided Great Britain elects from time to time in advance (as hereinafter provided) to purchase her quota thereof. And monthly exports to Great Britain of quantities of each of said articles equal to the export thereof to the Central Powers are agreed to by the Danish Government in case Great Britain elects to purchase, as hereinbefore and hereinafter provided.

Great Britain shall give the Danish Government at the date when this arrangement begins to operate notice as to whether she will elect to take at the average price received for the same commodity exported to countries other than the Central Powers (unless satisfactory arrangements can be made by negotiation) her quota for the succeeding four weeks of butter, bacon, eggs, milk and cheese and every four weeks thereafter she shall be under obligation to give similar notice of her election to take said commodities at a price to be ascertained in the same manner. Up to, but not after, December 1, 1918, Denmark may include in and as a part of said four hundred (400) tons per week of butter, bacon, eggs, milk and cheese, twenty-five (25) tons of waste fats, other than tallow, and, in view of the fact that Denmark is to cease exporting tallow and is also from and after December 1, 1918, to cease exporting other waste fats to the Central Powers, for all of which Denmark has been receiving by way of imports from the Central Powers stearine, X-ray machines and hospital supplies, it is understood that the Associated Governments are to supply the needs of Denmark with respect to stearine and also with respect to X-ray machines and hospital supplies after December 1, 1918.

Denmark may also, between the date this arrangement becomes operative and December 1, 1918 (but not thereafter), export to Germany each week the entrails and intestinal parts of not exceeding five hundred (500) head of slaughtered cattle.

(3) It is understood that Denmark will permit the export to the United States and her associates in the war of any commodities needed by them which she can spare, except the quantities of commodities the exportation of which to Germany is expressly provided for.

It is also understood that while the agreement of even date made between the War Trade Board and said Associations is in force, Denmark will do nothing that will have the effect of interfering with exports to the United States or to any country associated with the United States in the war, or which will have the effect of preventing an increase in the production of any of the articles or commodities and a consequent increase in the export thereof to the United States and her associates where such increase can be effected without preju-

dice to the genuine requirements of Denmark for home consumption. It being understood, however, that this will not place any obligation on the Danish Government to issue export licenses in contravention of international law hitherto followed by the Danish Government in regard to exports to belligerent countries.

(4) While the agreements above mentioned continue in effect the Danish Government will see to it that complete statistical information shall be furnished monthly from the date hereof to the accredited representative of the Board in regard to all exports from and imports into Denmark, except such imports from the Central Powers as may not be included in any of the provisions of this agreement. The statistics to be furnished shall be forthcoming not later than thirty days after the period to which they shall have reference, and shall state in detail the name, description and quantity, the country of origin and country of destination of each commodity imported and exported, and the names of the ships or vessels carrying the commodities with the amount carried by each ship or vessel, and shall include statistics in regard to trade with both neutrals and belligerents, except statistics of such imports into Denmark from the Central Powers as may not be included in any of the provisions of this agreement. If any question shall arise in respect to the observance of any restrictions of or prohibitions against exports, upon request the Danish Government will cause full particulars to be furnished to the Board or its accredited representative in regard thereto.

(5) It is understood that with regard to petroleum received by Denmark under the agreement that four thousand (4,000) tons a year may be used for fishing purposes or in the fishing industry, provided that Denmark receives two hundred (200) tons of petroleum a month from Germany for fishing purposes, and such oil is to be delivered monthly by Germany in advance of the export to her of fish by Denmark.

The Danish Government agrees to see to it that there will be no export from Denmark to the Central Powers or their allies of any fish of any kind, except as follows:

Fish and fish products may be exported in quantities not to exceed twenty-five thousand (25,000) tons per annum, the weight to be taken in terms of fresh fish.

The term "fish" shall be taken to include all categories of fish, both salt water and fresh water, including shellfish and marine animals, and the term "fish products" shall be taken to include the products of all fish as herein defined, whether fresh, salted, dried, smoked, canned or preserved in any way whatsoever, but there shall be no export to Germany or her allies of any oil or derivatives thereof of fish or any marine animals.

Inasmuch as practically all fishing is done in Denmark during about nine months of the year, that period is used hereafter in computing her monthly export, and the quantity of fish and fish products which may be exported to Germany and her allies shall not exceed two thousand seven hundred and seventy-seven (2,777) tons in any month, but Denmark shall be entitled to defer her right to export to the extent of one thousand three hundred and eighty-eight (1,388) tons, and such amount as she may so defer exporting she may make up in any succeeding month or months by adding such deferred export to the amount she has the right hereunder to export monthly.

Denmark shall also be entitled during any month, irrespective of whether she is or is not entitled to export a surplus by reason of having previously refrained from exporting her whole monthly allotment, to increase her export by an amount not in excess of one thousand three hundred and eighty-eight (1,388) tons, provided such increase shall, during the succeeding month, be deducted from the amount she has the right to export hereunder.

The foregoing monthly allotment of two thousand seven hundred and seventy-seven (2,777) tons per month is not, however, to be construed in any event as permitting Denmark to exceed an export to the Central Powers of twenty-five thousand (25,000) tons as a total for the year.

While this arrangement is in force no fish caught by Danish boats shall be landed elsewhere than in Denmark, nor shall any such fish be transferred at sea except in collecting vessels which shall be obliged to land their cargoes in Denmark only.

(6) The Danish Government agrees to see to it that there shall be no export from Denmark to the Central Powers or their allies of any cattle, except as follows:

Cattle may be exported from Denmark to the Central Powers in number not to exceed two hundred and twenty-six thousand (226,000) head per annum at a rate per week not to exceed four thousand (4,000) head per week from January to October, inclusive, and six thousand (6,000) head per week in November and December, except that at any one time there may be allowed a two weeks anticipation of exports, so that, for example, there may be exported from Denmark in the first week of September twelve thousand (12,000) instead of four thousand (4,000) head of cattle, but in this event there could be no further export of cattle for the succeeding two weeks of September.

Denmark shall also be entitled during any two weeks to defer exporting all or any part of the number of cattle she has the right to export hereunder, and such number as she may so defer exporting she may make up in any following week or weeks by adding such

deferred number to the amount she has the right to export weekly. The foregoing right to defer shall not be cumulative.

The foregoing limitation is intended to limit cattle and all products of cattle to the equivalent of four thousand (4,000) head on the hoof per week from January to October, inclusive, and to six thousand (6,000) head on the hoof per week during November and December.

To the extent of but not to exceed fifteen (15) per centum per month of the exports provided for above, dressed beef instead of live cattle may be exported and to the extent such dressed beef is exported, and no further, the products thereof may be separately exported.

The exportation to the Central Powers of the foregoing number of head of cattle is conditioned, however, that such export shall not interfere with Denmark's exporting monthly to Norway and Sweden at least thirty-five (35) per centum of her exportable surplus of cattle.

(7) It is understood that Denmark will limit the export of horses to the Central Powers to two thousand five hundred (2,500) horses per month.

(8) In consideration of the provision of the agreement with respect to the War Trade Board's licensing tanning materials and heavy hides, it is understood that Denmark will prohibit the export of hides to the Central Powers except to the extent hereinbefore permitted on account of her export of dressed beef.

(9) It is understood that Denmark is free to continue the export to Germany of the following articles and no others, except as hereinabove provided, in the quantities or of the value, as the case may be, set opposite each item:

DANISH EXPORTS TO GERMANY

Extracts and essences (except alcoholic and eth- eric) -----tons--	34	Machinery parts (agricultural and dairy machinery only) -----tons--	63
Sawdust and manufactures thereof -----tons--	29	Books and printed matter -----tons--	33
Firkins, casks and other coopers' work -----tons--	1,654	Spirits -----h. l--	214
Wooden shoes -----tons--	158	Liqueurs -----do--	124
Butter and cheese color, -----tons--	3	Beer, mead, etc -----do--	37,311
Rennet and cheese powder, -----tons--	15	Slaughtered poultry -----ton--	1
Other goods of chemical, tech- nical nature -----tons--	9	Birds' eggs -----scores--	15,300
Brick, floor tiles -----do--	718	Hay -----tons--	87
China and house utensils, -----tons--	6	Kalkuld -----do--	43
Garden and agricultural im- plement -----tons--	48.3	Seaweed -----do--	668
Agricultural and dairy ma- chinery -----tons--	78	Waste paper, etc -----tons--	726
		Peat -----do--	1,047
		Gravel, paving stones, flints, -----tons--	11,113
		Limestones -----do--	40,382
		Chalk stones and chalk -----do--	2,365
		China clay -----do--	120
		Clay -----do--	160

Insulating material (provided in the form of clay and exclusive of asbestos)-----	tons--	4,766
Cabbage (fresh)-----	do----	15,000
Dried vegetables (not to exceed 1917 exports)-----	tons--	1,000
Beet, turnip, cabbage and garden seed in compensation for sugar beet seed and other seeds-----	tons--	424

Cryolite-----	tons--	1,000
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With the understanding that the said quantity of one thousand (1,000) tons may be exported within the six months' period, calculated from the date this arrangement becomes operative, the question of further exports after such six months' period to be subject to a new agreement with respect thereto.

It is understood that with due regard to seasonable requirements the quantities of said exports shall be approximately evenly distributed throughout the year.

Denmark shall be at liberty to return to Germany in the course of ordinary business transactions goods of German origin, provided, however, that such goods shall not have entered definitely into the ordinary stocks of the country, and that by such re-export no stipulation in the above agreement respecting the restriction in the exports to Germany shall be evaded. Goods produced in any manufacturing or industrial establishment in whole or in part from raw materials of German origin or goods which have changed in form after having entered Denmark shall not be regarded as "goods of German origin" within the meaning of this clause. If the foregoing is found in actual practice to work unsatisfactorily it will be revised by negotiation between the representative of the War Trade Board in Denmark and the Danish Government.

Copper, lead and other metals to the extent of two hundred (200) tons a year may be exported to Germany, provided that Denmark shall receive in return within sixty (60) days from Germany manufactured goods containing metals of the same kind and to the same extent, less ten (10) per cent for wastage.

Denmark shall likewise be entitled to export to Germany bags to be filled with goods of German origin, on condition that adequate precautions are taken to see that the bags are duly returned within ninety (90) days.

Provided always that the foregoing bags and metals, return for which is provided above, thus temporarily exported, have not been imported into Denmark during the war under any obligation whatsoever toward the Associated Governments.

(10) It is understood that in undertaking the engagements mentioned in the shipping agreement Danish shipping shall have completely satisfied all expectations or claims from the United States and its associates and that no further demand or claims upon the shipping of Denmark shall be made or expected to be met during the present war.

(11) It is understood that the Danish Government give their consent to the said agreement between the Danish Special Shipping Committee and the War Trade Board and will not withdraw such consent until peace is signed by the United States, provided the War Trade Board licenses the export or facilitates the obtaining, as the case may be, of the commodities contained in the schedules of the agreement with the Merchants' Guild of Copenhagen and the Danish Chamber of Manufacturers, in accordance with the terms and for the duration of the said agreement.

(12) Nothing herein contained shall be construed as in any manner modifying or changing the terms or conditions of any agreement or arrangement between the Governments of Denmark and France, Italy or Great Britain providing for the prohibition or restriction of exports from Denmark, or the terms or conditions of any agreement or arrangement between the Governments of Denmark and France, Italy or Great Britain or the terms or conditions of any guarantee given to or agreement made with those governments by Danish citizens, which is either now in force or which having been in abeyance owing to the suspension of imports to Denmark, may be revived when such imports recommence under the terms of this agreement.

(13) "Germany," "Central Powers" or "Germany and her allies" in this note shall be taken to include all territory occupied by the military forces of the Central Powers, also the whole of any country, whether previously allied or neutral, all or any part of whose territory is now occupied by the military or civil forces of Germany or her allies, excepting France, Italy and Belgium.

(14) The various clauses herein respecting the prohibition of exports to the Central Powers will come to an end simultaneously with the expiration of the agreement between the Merchants' Guild of Copenhagen and the Danish Chamber of Manufacturers on the one part and the United States War Trade Board on the other part.

(15) The obligations herein assumed by the Danish Government are subject to termination by the Danish Government at the end of one year by giving three months prior notice in writing of intention to terminate the same. And such termination of the obligations herein assumed by the Danish Government shall operate to cancel and terminate the agreement of even date herewith made between the Merchants' Guild of Copenhagen and the Danish Chamber of Manufacturers on the one part and the United States War Trade Board upon the other part.

(16) Upon the understanding that Denmark will state its adherence to the arrangement herein outlined, the War Trade Board of the United States (an administrative agency empowered by Execu-

tive order to license exports from the United States) assents to and concurs in the said arrangement including the following:

A. It is understood that Denmark will receive at ports of origin the commodities enumerated in the schedules annexed to the agreement of even date herewith between the War Trade Board and the Merchants' Guild of Copenhagen and the Danish Chamber of Manufacturers, in so far as the same are not required for consumption in the United States, and in so far further as the exportation thereof will not so reduce available supplies as to prevent the rationing of the nations associated with the United States in the War.

B. It is understood that the War Trade Board will grant license for the export of such commodities as under the foregoing principles may be obtained in the United States, and where quantities to meet such schedules are not deemed available by the War Trade Board for exportation from the United States when required, export license shall be granted for as much thereof as are available, and in such cases if there are in the United States commodities that can be spared and which the War Trade Board approves, which are capable of use as substitutes for the commodities named in the schedules, licenses will be granted for their export and said Board will grant licenses for bunker fuel and ships stores to vessels transporting all said commodities or their substitutes, as the case may be, if approved by the War Trade Board as aforesaid, to Denmark from other countries as well as the United States.

C. It is understood that the War Trade Board will, in cooperation with the Associated Governments, facilitate the export from Norway and elsewhere to Denmark of nitrates or other fertilizers in the quantities agreed upon (equivalent to thirty-three thousand, three hundred and thirty-three (33,333) tons in terms of nitrates), provided such fertilizers are purchased through agents designated by the War Trade Board, and the Danish Government will see to it that prior to or simultaneous with the importation of said nitrates or other fertilizers at least three tons of cereals will be exported from Denmark to Norway for every ton of nitrate or other fertilizer so imported into Denmark; it being understood that fertilizers other than nitrates are to be reckoned in terms of nitrates in proportion to their fertilizing value.

It is understood that the provisions herein made for the importation into Denmark of nitrates and the exportation of cereals shall not be operative after the lapse of one year from the date hereof.

(17) It is understood that the arrangement herein provided for shall begin to operate ten days after the date hereof.¹

VANCE C. McCORMICK

File No. 659.119/507a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram—Extract]

WASHINGTON, September 20, 1918.

1491. For Sheldon [from War Trade Board]:

No. 1258.

Agreement between His Britannic Majesty's Government and the Danish Special Shipping Committee (Fragtnavn):

1. So long as the agreement between the War Trade Board of the United States of America and the Danish Special Shipping Committee (Fragtnavn) of September 18, 1918, hereafter referred to as the United States-Danish shipping agreement of September 18, 1918, remains in force the following agreement shall take the place of the Anglo-Danish coal and tonnage agreement of June 20, 1917.

2. In the event of the termination of the United States-Danish shipping agreement of September 18, 1918, then the Anglo-Danish coal and tonnage agreement of June 20, 1917, shall revive as from the date of the termination of the United States-Danish shipping agreement of September 18, 1918.

3. With reference to clause No. 1 of the United States-Danish shipping agreement of September 18, 1918, it is agreed that in return for 200,000 tons deadweight of Danish steam and motor tonnage thus placed at the disposal of His Majesty's Government, licenses will be granted, subject to the usual conditions, and provided that home and other essential requirements permit, for export from the United Kingdom to Denmark in Danish ships of 100,000 tons of coal per month.²

LANSING

File No. 659.119/485

The Chargé in Denmark (Grant-Smith) to the Secretary of State

[Telegram]

COPENHAGEN, September 21, 1918, 5 p. m.

[Received 6.17 p. m.]

2817. News of the signature of the United States-Danish agreement received with general satisfaction and relief throughout Denmark.

¹ This period was extended to 15 days by a letter dated Sept. 21 (War Trade Board files).

² Further clauses of the agreement and covering letter not printed.

During discussion with Foreign Minister yesterday I suggested that a note of warning be sounded in the press against the expectation of the immediate receipt of all the goods enumerated.

GRANT-SMITH

THE COMMERCIAL AGREEMENT BETWEEN THE ALLIED POWERS
AND ICELAND, MAY 23; CONCURRENCE OF THE WAR TRADE
BOARD OF THE UNITED STATES, SEPTEMBER 11

File No. 659a.119/1

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, *January 28, 1918, 9 p. m.*

[*Received January 29, 4.45 a. m.*]

8421. War Trade Board [from Sheldon]:

No. 77. A conference of Allied representatives was held today at the office of the Restriction of Enemy Supplies Department to consider a proposed agreement with Iceland to keep supplies from going to the enemy. As a bargaining basis, the United Kingdom can supply coal and salt, the United States would need to supply 7,000 tons of foodstuffs and 4,000 tons of mineral oils during 1918. Three Danish firms have been buying Iceland wool to be stored until after the war for Germany. It is proposed to require the Iceland Government to requisition this wool and ship it to the Allies. Suggest that the War Trade Board facilitate united action in procuring total Iceland wool by refusing import permits for Iceland wool purchased by American firms after this date. If United States can supply commodities mentioned and approves of principle of agreement, Great Britain will request Iceland to send representatives to London to negotiate for coming year.

PAGE

File No. 659a.119/2

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, *February 6, 1918, 11 p. m.*

[*Received February 6, 9.45 p. m.*]

8540. War Trade Board [from Sheldon]:

Restriction of Enemy Supplies Department reminds us that Iceland negotiations are awaiting your reply to our No. 8421. Proposal has been made to Board of Trade to stop dealing in Icelandic produce by private British firms pending negotiations, provided the United States Government agrees to adopt same course. Sheldon.

PAGE

File No. 659a.119/2

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, *February 23, 1918, 7 p. m.*

6673. For Sheldon [from War Trade Board]:

No. 124. Your 8540, February 6. Our 88, February 11,¹ notified you of our refusal license imports of wool. Hereafter will hold all export and import licenses of Icelandic products pending your negotiations.

LANSING

File No. 659a.119/14

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram—Extract]

LONDON, *May 22, 1918, 5 p. m.*

[Received May 23, 3.15 a. m.]

10185. War Trade Board [from Sheldon]:

No. 626. After several weeks conferences between Allied Governments and Iceland delegates, at which I was present or represented, an agreement has been reached between British, French and Italians on one side and Icelanders covering in detail the points summarized below.

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LAUGHLIN

File No. 659a.119/84

*Agreement between the Allied Governments and the Icelandic Government*²

1. This agreement, made between the British, French, and Italian Governments (hereinafter called "the Allied Governments") and the Icelandic Government, shall come into force on the date of its execution, and shall continue in force until the 1st May, 1919, and may be renewed by agreement from that date. Upon the execution of this agreement the existing agreement between the British Government and the Icelandic Government shall cease and determine.

2. The Allied Governments will facilitate the importation into Iceland, in vessels owned or chartered in Iceland, of the agreed

¹ Not printed.

² The text of the agreement and appended notes is that of a British print received Nov. 6, 1918, as enclosure to despatch from the Chargé in Great Britain, No. 10151, Oct. 28. A copy of the agreement was also received from the British Embassy on an undetermined date in June (War Trade Board Files: Negotiations with U. S. and Allies, Iceland).

rations set out in the first schedule hereto within the period specified in the said schedule, subject always (save as regards the coal, cereals, and petroleum next hereinafter mentioned) to the requirements from time to time of the Allied Governments. The Icelandic Government undertake that no export whatever shall take place of goods imported into Iceland under this agreement: Provided that this shall not apply to any article so imported employed as an ingredient in, or as covering for articles of, Icelandic produce exported in accordance with the terms of this agreement.

3. During the period specified in the first schedule hereto on account of the rations hereinbefore mentioned—

(a) The British Government undertake to license for export to the Icelandic Government, and the Icelandic Government undertake to buy f.o.b. United Kingdom ports, 30,000 tons of coal, to be paid for (unless otherwise agreed) by the Icelandic Government in kroner in Iceland against telegraphic advice of intended shipment, the British Government undertaking that no surtax, export duty, licence fee, nor any other surcharge whatsoever shall be levied by them in respect of such coal by way of discrimination against Iceland, and (unless otherwise agreed) that no licences for export of coal to Iceland shall be granted by them to consignees other than the Icelandic Government.

(b) The Icelandic Government undertake to purchase from the British and General Trading Association (Limited), 11,500 tons of cereals, and 7,500 tons petroleum, and 100 tons of benzine upon the terms and conditions of the contracts annexed to this agreement and forming the fourth schedule hereto.¹

(c) In the event of the direct shipment of dried fish from Iceland to Italy taking place (which the Icelandic Government undertake to use their best endeavours to procure on behalf of the Italian Government) the Italian Government undertake to sell and the Icelandic Government undertake to buy in Italian ports a quantity of salt or such other goods as may be arranged which shall be included within the ration equivalent to the quantity of dried fish shipped direct from Iceland to Italy, at prices to be agreed between the Italian and Icelandic Governments, payment by the Icelandic Government to be made in kroner in Iceland against telegraphic advice of intended shipment.

4. The Icelandic Government undertake that there shall be offered for sale to the agent of the Allied Governments in Iceland (hereinafter called "the agent") f.o.b. at the Icelandic ports specified in the second schedule hereto¹ at the prices set out in the third schedule hereto¹ (a) on or before the 15th June, 1918, all wool of the clips of 1916 and 1917 in stock in Iceland other than 60 tons of wool, the property of the Danish Government; and (b) from time to time as

hereinafter provided during the currency of this agreement all produce of Ireland, whensoever produced up to the 1st January, 1919, of the following classes, not required for actual home consumption in Iceland during that period, viz.:—

- (1) All descriptions of wet salted fish or dried fish (salted or unsalted), including herring;
- (2) Fish oils of all descriptions, other than 800 barrels steam boiled medicinal cod-liver oil and 250 barrels raw medicinal cod-liver oil, the property of the Danish Government, and 400 barrels industrial oil, 400 casks brown industrial oil, 900 casks light herring oil, also the property of the Danish Government;
- (3) Cod roes;
- (4) Fish meal of all kinds;
- (5) Mutton;
- (6) Wool;
- (7) Skins.

The Icelandic Government undertake to prohibit up to the 1st May, 1919, the export of and all dealings for export in Icelandic produce after the 1st January, 1919, which is not required for Icelandic home consumption.

5. The Icelandic Government undertake that the various products specified in article 4(b) shall be offered to the agent as early as possible and will issue the necessary regulations or take such other steps as may be required for this purpose.

6. On the receipt of every offer of any of such goods at one of the specified ports the agent shall have a period of fourteen days within which to notify the Icelandic Government of his election to purchase the same, or such extended period as shall be reasonably necessary to enable him or his representative to inspect the goods at such port, and communicate his decision, provided that no offer of goods at an ice-bound port shall be treated as an effective offer of such goods; provided, further, that the agent and the Icelandic Government may by agreement arrange that offers may be made of goods lying, at the time of offer, in places other than the specified ports, in which case the option shall remain open until the agent or his representative shall have had reasonable opportunity, having regard to all circumstances, to inspect the goods, but nothing shall affect the liability of the Icelandic Government, in the event of the acceptance of the goods, to deliver the same within a reasonable time f.o.b. at the specified ports, or at such shipping ports, as may in special cases be agreed.

7. All goods offered to the agent shall be accompanied by a certificate by sorters and weighers, appointed by the Icelandic Government, to the effect that the goods, the subject matter of the sale, are goods of the class and weight described.

8. Goods offered to, but not purchased by, the agent may be exported only to consignees in the countries of the Allied Governments or the United States of America, or to approved consignees in approved neutral countries.

9. The Allied Governments, anticipating that they will not desire to avail themselves of the option to purchase Icelandic herring, agree that, for the purpose of the export of herring, Sweden shall be regarded as an approved neutral country, to which, up to the 1st May, 1919, Icelandic herring may be exported subject to the following conditions:—

(a) The total quantity so exported to Sweden shall not exceed 50,000 barrels.

(b) Export shall be made solely by the Icelandic Government.

(c) Consignees in Sweden shall be solely the Swedish Victualing Commission, or such other consignees as may be approved by the Inter-Allied Committee at Stockholm.

(d) If so requested by the Allied Governments, the Icelandic Government will, prior to export, obtain, in respect of each consignment, guarantees against re-export from Sweden in a form satisfactory to the said Inter-Allied Committee, and the Icelandic Government shall, in order the better to prevent diversion of any consignment of herring shipped to Sweden, take steps to secure bonds, and will impose a fine of not less than double the value of the said herring in the country to which the cargo has been diverted upon any owner or captain or other person actually responsible for the forwarding, shipment, or carriage of the said herring, who connives at any action which permits the same to reach any other destination.

10. The Allied Governments agree that, up to the 1st May, 1919, Icelandic ponies may be exported to Denmark, subject to the following conditions:—

(a) The number of ponies so exported shall not exceed 1,000.

(b) Export shall be made solely by the Icelandic Government.

(c) Consignees in Denmark shall be solely such consignees as may be approved by the Inter-Allied Committee at Copenhagen.

(d) The Icelandic Government shall, prior to export, obtain, in respect of each consignment, guarantees against re-export from Denmark in a form satisfactory to the said Inter-Allied Committee, and the Icelandic Government shall, in order the better to prevent diversion of any consignment of ponies shipped to Denmark, take steps to secure bonds, and will impose a fine of not less than double the value of the said ponies in the country to which the cargo has been diverted upon any owner or captain or other person actually responsible for the forwarding, shipment, or carriage of the said ponies, who connives at any action which permits the same to reach any other destination.

11. The agent will pay for the goods purchased by him on shipment, and, in any case, within thirty days of such purchase, or the receipt by him of the necessary sorters and weighers' certificates, whichever is the later date.

12. In the event of the weight or the grading of any goods other than oil not being agreed between the representatives of the Icelandic and the Allied Governments, such difference shall be referred for settlement as provided in clause 19 hereof, and for that purpose samples of the goods, the subject matter of the difference, shall be taken for submission to the referees or referee.

13. Oil purchased by the agent shall be regraded by experts nominated by the Allied Governments on arrival in the United Kingdom. For the purpose of regrading, samples shall be taken by sworn official meters at the ports of arrival. A representative of the Icelandic Government shall be entitled to be present and take part in the regrading. Such regrading shall be final, and the Icelandic Government will refund or credit the amounts overpaid or overcharged, as the case may be, on any over-graded oil, and the Allied Governments will cause payment to be made in Iceland of the amounts underpaid on any under-graded oil.

14. All goods purchased by the agent and lying at ports other than the specified ports or such other ports as may be agreed as shipping ports in special cases, as provided in article 6 hereof, shall be stored by the Icelandic Government free of charge. All goods purchased by the agent shall, after delivery at specified ports or other agreed shipping ports as aforesaid, be stored by the Icelandic Government free of charge for the period of one month, at the expiration whereof storage for the same shall be for account of the Allied Governments. The rates of storage shall be the usual rates, or such as may be agreed. All goods purchased by the agent shall, after delivery at the specified ports or other agreed shipping ports as aforesaid, be insured against fire for the amount of their values, according to the third schedule hereto, by the Icelandic Government at their own cost for the period of one month from the date of the purchase, at the expiration of which period the insurance shall be for account of the Allied Governments, but shall be effected and maintained by the Icelandic Government at the current rates. Provided, however, that notwithstanding this provision the Icelandic Government shall effect and maintain such insurances at their own charges upon all goods purchased by the agent and lying at ports other than the specified ports or other agreed shipping ports as aforesaid.

15. The Icelandic Government undertake that no goods of the classes hereinbefore specified shall be exported from Iceland during the currency of this agreement, except by the agent, unless a certificate shall have been previously obtained from the representative of the Allied Governments nominated for that purpose to the effect that such goods have been offered to and refused by the agent, and the Icelandic Government will issue the necessary regulations or take such other steps as shall be required for this purpose.

16. The rate of freight for all goods exported by the agent from Iceland to the United Kingdom under this agreement in steamers owned or chartered by the Icelandic Government shall be fixed at 90s. per ton deadweight.

17. The Allied Governments will procure credit for the Icelandic banks to the extent of not more than £500,000 for purposes approved by the Allied Governments, if such banks should lose the credit which they possess with their present connections on account of the completion of this agreement.

18. Nothing in this agreement shall derogate from any general conditions which any of the Allied Governments may impose in the exercise of their belligerent rights, but subject thereto, the Allied Governments undertake that Icelandic vessels shall be cleared from the ports under their control without unnecessary delay. Unless otherwise requested by the Allied Governments the existing regulations regarding vessels clearing from Icelandic ports shall continue to be observed and enforced by the Icelandic Government.

19. In the event of any dispute arising under this agreement the same shall be referred to the Prime Minister of Iceland and the representative of the Allied Governments to be nominated under article 15 hereof, whose decision shall be final, and, in default of their agreement, to a person to be nominated by them, whose decision shall be final.

Dated, London, this 23rd day of May, 1918.

For the Icelandic Government:

K. JONSSON
RICHARD THORS
EGGERT BRIEM

For the Allied Governments:

W. MITCHELL-THOMSON
J CHARPENTIER
(*ad referendum*)
J GIANNINI
(*ad referendum*)

[Annex 1]

FIRST SCHEDULE

LIST OF ICELANDIC RATIONS FOR PERIOD OF 12 MONTHS FROM MAY 1, 1918,
TO MAY 1, 1919

	Metric tons
Cereals, or the equivalent quantity of flour, excluding rice, sago, and tapioca, but including peas and beans	10, 750
Rice *	500
Sago and tapioca *	250
Potatoes	1, 500
Coal	60, 000
Petroleum, including crude oil	7, 500
Petrol and benzine	100
Lubricating oil	150
Salt	50, 000
Coffee	450
Cocoa and preparations, including chocolate	60
Tea	5
Sugar and syrup	1, 750
Edible fats	200
Condensed milk	75
Cheese	80
Onions	32
Fruit, fresh and dried	130
Jams, marmalade, and fruit preserves	20
Spices, including mustard	20
Tobacco	80
Cordage (including manila, hemp, and oakum, nets, lines, ropes, string, all forms of twine and yarn other than woollen yarn)	300
Raw cotton and cotton manufactures, other than cotton canvas and cordage	100
Cotton and linen canvas	20
Flax, linen, and hemp manufactures, other than cordage and canvas	60
Jute and manufactures (including Hessians) in all forms other than cordage	120
Woollen manufactures, including yarn	45
Linoleum	15
Rubber and rubber manufactures, other than waterproof articles of clothing	18
Oilskins, waterproofs, and articles of clothing	40
Leather and leather manufactures, other than boots and shoes	30
Boots and shoes	50
Linseed oil and varnish	25
Paints and painters' colours	75
Tar	80
Soap, soda, and starch	250
Paper and stationery	175
Brazil wood	30
Other timber and wood manufactures	10, 000
Sheep dip	40
Tin plate	$\frac{1}{2}$
Scythe blades	35,000 in number

* In lieu of the whole or part of the rations for (a) rice, and (b) sago and tapioca an equivalent weight of cereals may be substituted. [Footnote in the original.]

Applications relating to commodities other than those specified in the above list will be considered on their merits.

KL. J.
R. T.
E. B.
W. M.-T.
J. C.
J. G.

[Annex 2]

The Allied Delegates to the Icelandic Delegates

LONDON, May 23, 1918.

GENTLEMEN: With reference to the agreement signed to-day, we understand it to be agreed that the following supplementary provisions shall apply:—

As regards wool, the produce of 1916 and 1917, referred to in article 4(a), called herein "old wool stocks," if valid offers are made by the Icelandic Government to the agent of 1,000 tons of old wool stocks before the 15th June, 1918, and if regulations satisfactory to the Allied Governments are made by the Icelandic Government to ensure that no 1918 wool is either concealed by the holder or exported as old wool stocks, the Allied Governments will instruct the agent not to exercise the option to buy old wool stocks in excess of a total quantity of 1,000 tons.

As regards dried and salted fish, the produce of years prior to 1918, called herein "old fish stocks," if regulations satisfactory to the Allied Governments are made by the Icelandic Government to ensure that no 1918 fish is either concealed by the holder or exported as old fish stocks, the Allied Governments will instruct the agent not to exercise the option to buy old fish stocks.

For the purpose of carrying out the foregoing provisions regulations would be regarded as satisfactory to the Allied Governments which provided *inter alia* for:—

- (a) The taking forthwith of a declaration from all holders in Iceland of old wool stocks or old fish stocks as to the amounts and descriptions of such stocks held by them;
- (b) The imposition of severe penalties, including confiscation to the Icelandic Government of the goods in all cases of false declaration, concealment, or wrongful export or attempted export.

The Icelandic Government will furnish to the representative of the Allied Governments, to be nominated under article 15 if desired by him, copies of the list of declarations as to old wool and fish stocks, and will inform him of all cases of evasion of their regulations and of the penalties inflicted thereunder.

As regards article 5. The Icelandic Government will so far as possible ensure, by the regulations or other steps therein referred to,

that goods, the produce of 1918 are offered not later than two months after their production or manufacture is completed, and in particular they will ensure that proceedings shall be taken against all persons found in possession after the 28th February, 1919, of any goods, the produce of 1918, in the absence of proof that such goods have been offered to and refused by the agent or other reasonable excuse, and that such persons shall on conviction be liable to severe penalties, including the confiscation to the Icelandic Government of the goods.

As regards article 16. The Icelandic Government undertake to give a prior call on freight space in steamers owned or chartered by them for goods purchased by the agent under this Agreement over all other goods, except goods the property of the Icelandic Government.

We shall be glad if you will be good enough to confirm this arrangement.

Your obedient Servants,

(For the Allied Governments)

W. MITCHELL-THOMSON

J. CHARPENTIER

J. GIANNINI

[Annex 3]

The Icelandic Delegates to the Allied Delegates

LONDON, May 23, 1918.

GENTLEMEN: In reply to your letter of to-day, we agree that it is understood that the supplementary provisions referred to therein shall apply to the agreement signed by us to-day.

We are, yours faithfully,

KL. JONSSON

RICHARD THORS

EGGERT BRIEM

File No. 659a.119/18a

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, May 27, 1918, 10 p. m.

7971. For Sheldon [from War Trade Board]:

No. 577. Your No. 640, Embassy 10222, May 24, noon.¹ Before formally adhering to Iceland agreement please cable us the full text thereof. Meanwhile we will continue to issue export licenses as contemplated by the agreement, as set out in your No. 626, Embassy 10185, May 22, 5 p. m.

LANSING

¹ Not printed.

File No. 659a.119/14

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, May 29, 1918, 7 p. m.

8006. For Sheldon [from War Trade Board]:

No. 585. Referring further your 626, Embassy 10185, May 22, 5 p. m. We await authorizing your adherence to agreement pending receipt of full text thereof. We do not understand the proposals as to oil contracts, in view of discussions with the British which are proceeding here regarding allotments to companies in accordance with pre-war business.¹ Please cable more fully in regard to apparent exclusion of Standard Oil Company which we understand has heretofore done practically all of the business in Iceland.

With reference to wool, we will take all wool obtainable provided this can be secured at current United States option prices. Bigelow is familiar with this. We will also take any amount of sheep skins at prices not exceeding the maximum here which is 14 cents per foot New York, c.i.f.

LANSING

File No. 659a.119/18

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, May 31, 1918, 6 p. m.

[Received June 1, 1.08 p. m.]

10375. War Trade Board [from Sheldon]:

No. 693. Your 577, May 28.²

The facts are that I asked Anglo-American Oil Company here to make a price for Iceland. They said they cabled their principals, the Standard Oil Company and received reply that they must not quote. Matter was then taken up by British with Asiatic Petroleum Company who expressed a willingness to contract. I then suspended all negotiations until I could get an expression from you in answer to my 626³ as to whether you would prefer the oil to be sold by a branch of the Standard Oil or by the Asiatic.

My proposed letter of adherence does not pretend to bind War Trade Board or the United States Government in any way except a guarantee to [a] issue licenses on request for cereals and mineral oils within the agreed [rations], (b) issue licenses for some other articles within the [rations] when they can be spared.

Please cable at once about the oils and when you receive the documents through pouch. Cable instructions about letter of adherence.

LAUGHLIN

¹ See vol. 1, pp. 617 *et seq.*² Not printed; see telegram No. 585, *supra*.³ *Ante*, p. 1363.

File No. 659a.119/21

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, undated.

[Received June 14, 1918, 7²² p. m.]

10635. War Trade Board for Woolley, from Bigelow:

No. 794. Referring your 585. United States are to receive 50 per cent of available Iceland wool. This may be increased to 75 per cent. Prices, as per our cable 626, May 22, Embassy 10185, are lower than current United States option price. Please advise us at once to whom you wish the wool invoiced and what arrangements you propose to make regarding freight and insurance. Wool will be delivered f.o.b. Iceland. Part is ready for shipment at once. Arrangement calls for one month's free storage. Allied representative is now in Iceland selecting, grading, and approving wool. United States will receive all available Iceland woolled sheep skins on the basis of 12 kroner a bundle of two skins of an average weight of eight kilograms. Have instructed authorities to hold in storage until further instructed all Iceland wool allocated to United States. Please advise if this is satisfactory.

LAUGHLIN

File No. 659a.119/24

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, June 24, 1918, 6 p. m.

[Received June 24, 5 p. m.]

10832. War Trade Board [from Sheldon]:

No. 871. Have had no reply to my telegram No. 729, Embassy 10580, June 12, 6 p. m.¹ I understand that Reading has cabled the F[oreign] O[ffice] under date of June 21 that you have not yet received the text of Icelandic agreement which sent you under date of May 11 in Embassy pouch No. 20 on May 12. I understand further that Standard Oil Company is making proper representation that the agreement is unfavorable, in that it provides that the Icelandic Government should be the consignee of the oil and that the Government proposes to handle the distribution. The reason for this is that the Icelandic Government expects to make a profit on this oil, thereby recouping the loss that it expects to make on selling Icelandic produce to the Allies at a price below that at which it will have to commandeer such articles. I would point out that if this is their intention they could commandeer any oil that arrives in the country. It is, therefore, difficult to see justification of Standard's complaint

¹ Not printed.

if such is the case, particularly as their representative was consulted here in the early stages of the negotiations and they had every opportunity to acquaint us with their views.

As the whole object of the Icelandic agreement was to control supplies so that they might not be available either immediately or in the future to the enemy it is important that this matter should receive early attention. Please cable promptly.

LAUGHLIN

File No. 659a.119/27

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, June 28, 1918, 12 noon.

[Received 9.01 p. m.]

10919. War Trade Board [from Sheldon]:

No. 904. Referring to our numerous telegrams with reference to the Iceland agreement, to none of which we have had replies, the following is a paraphrase of a telegram from the British consul in Iceland just received by the Foreign Office:

Today I received a call from Prime Minister. He expressed a great anxiety know whether War Trade Board had yet notified their adhesion to Icelandic agreement. He was much concerned regarding delay in granting clearance to *Villemoes*, *Fredericia* and *Gullfoss*. He said that one of the most vital points of the agreement was that clearances should be expedited, but that since the agreement conditions were worse instead of better. Private information had reached him from Copenhagen that Danish financial and business circles looked on the agreement as being a colossal blunder on the part of Iceland, and that by it Iceland would lose 20,000,000 kroner. He pointed out that if the apparent advantages of the agreement to Iceland were rendered void in practice, his defense of it against criticism would become impossible. He expressed great surprise that the petroleum contract, signature of which had been expected within a week of conclusion of agreement, had not yet been settled.

The London representative of the Icelandic Government Trade Department has received the following cable from the Icelandic Government Trade Department dated the 25th instant:

Message from New York says *Villemoes* still there waiting license for oil. Representative bought from Standard Oil Company 5,000 casks, with approbation of American authorities. We were long ago informed that *Villemoes* should load oil when back from Cuba, therefore surprised that vessel delayed now, causing great loss, after American Government chartered same at low rate. Please point out to association that according to agreement, we expect quick despatch of our rations. We therefore expect *Villemoes* shall not be undecisively delayed at New York as *Gullfoss* and other vessels in the past.

LAUGHLIN

File No. 659a.119/84

*Memorandum of Agreement Supplemental to the Agreement between the Allied Governments and the Icelandic Government*¹

Memorandum of Agreement made this ninth day of September, 1918, between the Standard Oil Company (New Jersey), of 26, Broadway, New York City, United States of America (by Montagu Piesse, its agent) of the first part, the Icelandic Government (by Björn Sigurdsson, its agent) of the second part, Hid Islenska Steinoliuhlutaf-jelag, of Reykjavik, Iceland (by the said Montagu Piesse, its agent) of the third part, being supplemental to an agreement dated the 23rd day of May, 1918, and made between the British, French and Italian Governments (therein called the Allied Governments) of the one part, and the Icelandic Government of the other part (hereinafter called the Principal Agreement: this Principal Agreement having been concurred in by United States War Trade Board on the date first mentioned above).

Witnesseth that in pursuance of article 3, section B, and the fourth schedule,² part 2, of the principal agreement the Standard Oil Company (New Jersey) hereby agree with the Icelandic Government to supply Iceland's requirements of petroleum products to Hid Islenska Steinoliuhlutaf-jelag from the date hereof up to the 1st May, 1919, upon the following terms and conditions:—

1. Quantity to be 5,692 metric tons refined oil, and 74 metric tons United States motor gasoline—to be apportioned by grades as required by the party of the third part, at the following prices:—

Refined oil—

Water white. 63.41 ore per gallon (6½ lb.) including barrel-ling.

Standard white. 59.68 ore per gallon (6½ lb.) including bar-relling.

Petrolite white. 38.75 ore per gallon (6½ lb.) including bar-relling.

United States motor gasoline, 130.55 ore per gallon (6 lb.) in-cluding cases of two five-gallon cans.

Price to be f.o.b. steamer at New York.

2. Delivery to be to steamers furnished by Icelandic Government to Hid Islenska Steinoliuhlutaf-jelag. Buyers to notify sellers of names and positions of steamers, and quantity required by each steamer, at least fourteen days before the date at which they shall be ready to load. Freight to be provided to lift the whole quantity before the 1st May, 1919—otherwise unfulfilled part of this contract to be cancelled.

¹ The text is that of a British print received Nov. 6, 1918, in despatch No. 10151 of Oct. 28 from the Chargé in Great Britain.

² Fourth schedule not printed.

Customary loading certificate to be final as to quality.

Bill of lading weight to be final.

3. Payment to be made in kroner by Hid Islenska Steinoliuhlutaf-jelag to Hambro Export Account at Island Banki, Reykjavik, upon advice of steamers loading and prior to clearance from New York.

4. This agreement shall be subject to an agreement approved by the United States War Trade Board being concluded between the Icelandic Government and Hid Islenska Steinoliuhlutaf-jelag containing the terms and conditions of sale and distribution in Iceland of the products herein mentioned.

Signed on behalf of:—

The Standard Oil Company (New Jersey)

MONTAGU PIESSE

The Icelandic Government

BJÖRN SIGURDSSON

Hid Islenska Steinoliuhlutaf-jelag

MONTAGU PIESSE

LONDON, *September 9, 1918.*

File No. 659a.119/84

*The War Trade Board Representative (Sheldon) to the Representative of the British Government (Mitchell-Thomson)*¹

LONDON, *September 11, 1918.*

MY DEAR SIR WILLIAM: I enclose the formal concurrence of the War Trade Board of the United States in the main Icelandic agreement.² I also take this opportunity to state that the War Trade Board approves the agreement signed the 9th September, 1918, between the Standard Oil Company of New Jersey, the Icelandic Government, and Hid Islenska Steinoliuhlutaf-jelag, of Reykjavik, Iceland, supplemental to the main Icelandic agreement,³ and also approves the agreement between the Landsverslun Trade Department on behalf of the Icelandic Government and Hid Islenska Steinoliuhlutaf-jelag, which has been concluded in accordance with article 4 of the agreement of the 9th September.

Very truly yours,

L. P. SHELDON

¹ See footnote to preceding document.

² Authority for concurrence given by War Trade Board in telegram No. 830, Department's No. 196 of July 12 (File No. 659a.119/49c).

³ Authority for approval given by War Trade Board in telegram No. 932, Department's No. 485 of July 27 (File No. 659a.119/42).

[Enclosure]

Memorandum of Concurrence by the War Trade Board of the United States in the Agreement between the Allied Governments and the Icelandic Government

September 11, 1918.

Referring to the agreement signed on the 23d May, 1918, between the British, French, and Italian Governments on the one hand and the Icelandic Government on the other, the War Trade Board of the United States, an administrative agency empowered by Executive order of the President to license exports from the United States, whose powers are administrative and pertain wholly to the United States domestic and internal affairs, will grant licences, so long as the agreement shall remain in force and be observed by the Icelandic Government, for the export (1) of cereals and petroleum as provided in the agreement and the schedules annexed thereto, and (2) of other articles enumerated in the ration list, in so far as such other articles are not required for consumption in the United States, or in nations associated with the United States in the war, or to meet other obligations of the United States, subject to the condition that the petroleum and other commodities or articles enumerated in the ration list will not directly or indirectly be exported from Iceland except as provided in the agreement.

L. P. SHELDON,
War Trade Board

THE TAKING OVER OF DUTCH SHIPS—AGREEMENTS REGARDING EXPORTS TO THE NETHERLANDS

Negotiations for Definitive Rationing and Tonnage Agreements—Provisional Arrangement, January 25, for the Employment of Dutch Ships in United States Ports

File No. 656.119/118

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, *January 1, 1918, 3 p. m.*

[*Received January 3, 7.08 a. m.*]

8117. My 7967, December 14.¹ Since sending above, daily informal conferences have been held by Allied representatives and Allied and Dutch representatives on all phases of Dutch problem. These have been conducted by Leverton Harris, Parliamentary Secretary of the Ministry of Blockade. On the arrival of Oppenheimer, British commercial attaché at The Hague, he reported that the (1) sand and

¹ *Foreign Relations, 1917, Supplement 2, vol. II, p. 1155.*

gravel controversy, (2) suspension of cable facilities, (3) detention of Dutch vessels in American ports, (4) uncertainty in Holland as to American attitude, had stimulated pro-German feeling in Holland and increased the effect of German propaganda in Dutch circles formerly pro-Ally, to a disquieting extent. In addition to this situation the apparent disposition of the Dutch delegates to meet the Allied views as regards a material restriction of exports to Germany has led British representatives to favor a limited ration of feeding stuffs and fertilizers. The possibility of such a proposal was contemplated by Taylor and Cecil at first meetings of Allies and Dutch. In consequence of Dutch suggestions as to limiting exports to Germany the discussions have proceeded on the possible assumption that fertilizers at least would be admitted so as to increase harvest and thereby decrease tonnage that is more required for imports of cereals. Having this in mind and as the result of many conferences, a series of memoranda have been drawn up to be a possible basis on which the Dutch should submit proposals to the Allies, the British would appear to be willing to approve them. No delegates appear to have had very definite instructions as to the principles to be followed in these discussions and the American representatives in particular have carefully avoided committing themselves. The memoranda as eventually drafted by the Allies, which we are now referring to you, are to be given Snouck, one of the Dutch negotiators, who returns with them to Holland in a few days on the understanding that his Government will present proposals to the Allies tallying as near as possible with the Allied position as shown in the memoranda.

The memoranda are being drafted in two alternative forms, the first now on a limited amount of fertilizers but no feeding stuffs, the second provides in addition to fertilizers the import into Holland of limited quantities of feeding stuffs in consideration for restriction of exports to Central Powers.

The essentials of the first are as follows:

- (1) Imports into Holland of 70 per cent of the 1916 overseas imports of fertilizers including Chilean nitrates and American phosphate in proportions to be mutually agreed with the Dutch, in consideration therefor a limit of 2,500 tons of early potato export to Germany with no other export of potato or potato products. No sugar to be exported to Germany except in articles which shall not exceed in sugar value export to England and Belgian Relief. The caloric value of fruit and vegetable exports to Germany not to be greater than 1917 values.

- (2) The export to Germany during the coming year of 5,000 old horses only without prejudice to the hides agreement.

- (3) The amount of meat cattle export to Germany to be equal only to that exported Allies and Belgian Relief.

The essentials of the second memorandum are:

- (1) Import of 250,000 tons of feeding stuffs.
- (2) No cattle export except to Allies and Belgian Relief.
- (3) Five thousand old horses to be exported to Germany.
- (4) No pork products, poultry, rabbit or eggs to be exported except to Belgian Relief.
- (5) Eight thousand two hundred and fifty tons of butter and 15,000 tons of cheese only to be exported to Germany.
- (6) The Allies and Belgian Relief to be furnished with at least 2,750 tons of butter and 7,500 tons of cheese and any additional exportable surplus of these articles, thus modifying the existing agricultural agreement.

Within the last few days the Dutch negotiators have taken the position that they may not be able to prevail upon their Government to present an offer on the basis of the second memorandum indicated above, as it in effect involves a break in the agricultural agreement with Germany so that they foresee serious difficulty with the Imperial Government if the Dutch do make this second series of memoranda the basis for their proposals. The Allied negotiators will probably consider making the importation of all oils and fats dependent upon the reduction in exports to Germany as per alternative 2 above. All interests of the Belgian Relief are being carefully considered by all delegates at all stages of the discussions. Arrangements will be made for a minimum of monthly credits and further credits depending upon the volume of East Indian-American trade. The British Government is not for the present insisting on making the entire agreement with the Dutch dependent on the cessation of the transit and export of sand and gravel, etc.

In informal conversations with the Dutch, Leverton Harris succeeded in practically obtaining the Dutch consent to the reduction of certain rations determined upon before Taylor's departure, but on the other hand because of the change of policy noted above, because of the great deficiency in the Dutch 1917 harvest, the Foreign Office apparently desire the ration of bread, cereals, rice, tapioca, sago, starch and malt to be 400,000 tons for cereal year ending November, and it is probable that they will recommend rations of 8,000 tons of cocoa, 100,000 tons of refined petroleum, at least 20,000 tons of gas oil and 13,000 tons of tanning material with an immediate shipment of an extra tanning material ration, the reason for this being that [Austria] is providing Holland with tanning material, together with certain other possible increases. The questions of Dutch tonnage have been the most important and the most difficult for me to face in the absence of a shipping expert and we were guided by Taylor's interview with Cecil providing division half and half with British which was subsequently abandoned, we understood, by Taylor, on

the French representations that the control should be inter-Allied, and until the arrival of McCormick's telegram on Swedish tonnage¹ I agreed to the American presentation of the Allied control point of view. As a result of the above understanding I have assumed, however, that McCormick's telegram above noted outlines the policy you desire in regard to neutral tonnage and have proceeded in the discussions on the assumption. Since its arrival I foresee that we shall have difficulty with the other Allies unless it is made clear to them that while control is in our hands employment will be satisfactorily arranged taking other Allied interests into full consideration. The Dutch appear to be reasonably meeting most of the suggestions advanced by British experts as to the employment of their tonnage but still refuse to contemplate its use in the war zone. Discussion of the status of their East India tonnage and its employment is still proceeding and will probably be concluded within a day or two and the result incorporated as a part of the memoranda above noted.

It is not unreasonable to assume that the feasibility of the memoranda as a basis for Dutch proposals will turn largely on the tonnage question especially as regards the East India traffic. The Dutch hold out for as large an amount as possible and [of?] Dutch shipping to be used in the regular trade between the Dutch East Indies and Allied ports keeping this tonnage nominally under their own management but agreeing to the nomination of cargoes by the Allies to meet their position. On this point it is not [now?] proposed to fix voyage rates equivalent to time-charter rates agreed to for Dutch ships trading outside the danger zone. The British suggest 25 shillings per ton dead weight per month as a fair price for a time-charter rate. What are your views? The reason of the Dutch anxiety to retain nominal control over as much of their tonnage as [possible] is to enable them to resist German pressure by showing that Dutch tonnage is trading essentially in the interests of Dutch colonies. There is a general conviction here that it would assist the negotiators to meet the Dutch view as far as is consistent with Allied needs for essential commodities drawn from the Dutch East Indies and it is suggested that the employment of Dutch tonnage be so arranged as to secure useful intermediate services as, for example, Java-United States, United States-Japan or India and thence coal to Java or Singapore. Having this in mind we must determine what is the maximum amount of tonnage which could be usefully employed in trade from the United States to Dutch colonies. I presume this amount would depend on the extent to which the United States would find it necessary to draw on Java for 1918

¹ See telegram No. 6103 of Dec. 22, 1917, to the Ambassador in Great Britain, *Foreign Relations*, 1917, Supplement 2, vol. I, p. 651.

sugar and arrangements to be made in special agreements for receiving tin and other East Indian products.

The Dutch have mentioned 460,000 dead-weight tons including bunkers as amount now employed in Dutch East India traffic. This figure includes trade on India and Australia and according to view here appears excessive for real needs.

The figures concerning Dutch tonnage and the trades in which it is very advisable will be cabled as soon as they are in shape.¹

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File No. 656.119/116

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, *January 1, 1918, 4 p. m.*

[*Received 11.22 p. m.*]

8118. For Polk:

Please see my 8117, January 1, 3 p. m., and consider it carefully. It represents, in the view of Sheldon, Edwards and Pennoyer who have been immediately in charge of the Dutch meetings, an excellent basis on which the Dutch may formulate their proposals to the Allies having in mind the conciliatory trend which the negotiations have assumed. Short of a requisitioning of the ships now in American ports there seems no added pressure which can be brought to bear on the Dutch by which the Allies can gain better terms from them and I particularly request you to have the substance of my telegram considered by the War Trade Board, not as a compromise but as the best terms which can be obtained. In the event that they do not consider this scheme workable, before turning it down I believe it should be submitted to the President as the most workable scheme short of a requisition of Dutch tonnage.

In this connection I have been much interested in what Lord Eustace Percy² told me of the conferences which he attended in Washington immediately before his departure. He fears from what he then said, which at the time represented the point of view of the Foreign Office, that my telegram 8117 will be considered a compromise if it is not made clear to the War Trade Board that change of view has occurred in London and that the limits of pressure originally suggested during [McCormick's] and Taylor's presence here can no longer be fully applied, and he wishes to guard against the possibility of the War Trade Board throwing out the

¹They were cabled, Jan. 3, by the British Foreign Office to the Embassy at Washington for communication to the Department of State. (File No. 656.119/119.)

²Temporarily attached to the British Embassy at Washington.

present scheme or wrecking its possible success, as it might do if tonnage considerations alone prompted its decision.

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File No. 656.119/117

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, January 2, 1918, 5 p. m.

[Received January 3, 2.40 a. m.]

8130. Sheldon asks that the gist of the following be transmitted to the War Trade Board:

As result of conference, Snouck has agreed to recommend to his Government the gist of provisional tonnage arrangement, and you are requested to cable your instructions as soon as possible.

1. All vessels in United States ports, except those mentioned in clauses 2 and 3, to be sent out for one round trip, as designated by the United States authorities, outside present submarine zone and not all to go on long trips. Of these vessels an amount to be determined by the United States Government up to a limit of 150,000 tons, to be employed in the service of the Commission for Relief in Belgium. On the departure of a vessel for Holland in Belgian Relief service a corresponding vessel will leave Holland for the United States.

2. In addition to the foregoing but without in any way being a condition to the preceding arrangement, the Dutch Government desires the release of the *Zeelandia* for Holland against the sailing to the United States of the *Frisia* while not making this a condition and Dutch are particularly anxious for this exchange, to enable the *Frisia* to carry passengers destined to the East Indies via the United States, and have the *Zeelandia* bring her passengers to Holland.

3. On the same conditions as in clause 2 the Dutch are anxious to have the steamships *Celebes*, *Ceylon*, *Nias*, *Ternate*, *Gorontalo*, *Adonis*, *Hercules* and *Samarinda* proceed from United States ports to Holland with cargoes as agreed; viz., no cereals, feed stuffs, fertilizers or oil seed beyond some 10,000 tons of rice, a similar number of corresponding ships to leave Holland for United States ports as soon as final clearance for Holland has been granted to the eight ships named.

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File No. 656.119/124a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, January 5, 1918, 4 p. m.

6171. Following for Sheldon from War Trade Board:

[1.] Dutch negotiations. Answering your cable January 2, regret cannot accept basis one round trip but we will modify our proposal

of December 29¹ to the basis of about three months' charter on all tonnage in the United States mentioned therein. It is understood that these vessels will be operated outside of the present submarine zone and that part of the vessels will be used in West India trade, the part to be used for Belgian Relief to be determined by United States, it being understood that when a ship leaves the United States for Holland in the service of the Belgian Relief Committee, ship or ships of corresponding carrying capacity will depart from Holland to the United States. It must be understood that all vessels are to be chartered to the United States Shipping Board.

2. Sorry we cannot agree to this condition until permanent understanding is reached.

3. When the negotiations of the whole with Holland have been completed we shall then be ready to make definite arrangements regarding eight ships mentioned.

LANSING

File No. 656.119/119b

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, January 5, 1918, 4 p. m.

6172. For the Ambassador and Sheldon:

For your confidential information and for the confidential information of Foreign Office, but not under any circumstances to be used by you or Foreign Office in any negotiations. In the event that reasonable propositions made by United States are refused by Dutch Government concerning tonnage, United States Government proposed [*sic*] to requisition Dutch boats under its control.

LANSING

File No. 656.119/127a

The Secretary of State to the Minister in the Netherlands (Garrett)

[Telegram]

WASHINGTON, January 7, 1918, 7 p. m.

892. For your confidential information, but not to be used under any circumstances: This Government, in the event that reasonable propositions made by it are refused by the Dutch Government concerning tonnage, proposes to requisition Dutch boats under its control.

LANSING

¹ See telegram No. 6142, Dec. 29, 1917, to the Ambassador in Great Britain, *Foreign Relations*, 1917, Supplement 2, vol. II, p. 1158.

File No. 656.119/125

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, *January 9, 1918, 7 p. m.*[Received *January 10, 9.47 a. m.*]

8205. War Trade Board from Sheldon:

No. 11. There is a matter of general policy which I think ought to be brought to your attention as regards Swedish and Dutch negotiations. The French delegates and, I believe, the British Foreign Office fear that you may be led to adopt unconsciously what might be called an individualistic policy and as one of the reasons for this fear I mention the provisional Dutch tonnage negotiations. Taylor received proposal from Snouck which was cabled you on December 11.¹ Shortly thereafter the British and French Embassies in Washington were informed that their Governments approved this plan subject to some modification as to the amount of commodities allowed to be imported to Holland. In spite of the desirability of quick action which would secure tonnage, considerable time was allowed to elapse before you rejected this proposal and substituted a more drastic one. It now looks quite probable that these harsher terms may be accepted by the Dutch, but it is a question whether the terms more favorable to the Dutch of the original proposal should not have been accepted in view of the time lost and the knowledge that the Dutch must have, that you were not willing to agree to conditions approved by the British and French. In this connection, while fully realizing that the concessions which will be granted to the Dutch will in the definite agreement be mainly commodities from America which cannot easily be spared, the fact should not be lost sight of that both the British and the French have had negotiations with Holland and the other neutrals since the war started, have thereby gained considerable experience, and as these two countries have a more immediate stake in the result of the negotiations than can have America, I cannot refrain from pointing out the advisability of being in a large measure guided by their views as to what they are willing to impose in the general agreement in the way of restrictions and to allow in the way of rations, provided always of course that the rations are available.

Furthermore, their views as to the advisability of any actions which would have a political effect to the advantage of the Allies, should, I am sure you will agree, receive favorable consideration and, in this connection, the Foreign Office pointed out to me today that the British Government thought it important at the earliest possible

¹ See telegram No. 7923, Dec. 11, 1917, from the Ambassador in Great Britain, *Foreign Relations*, 1917, Supplement 2, vol. II, p. 1155.

moment to arrange matters with Holland as the Central Powers are straining themselves to create an unfavorable opinion in Holland. We are informed on good authority that Germany has offered Holland 100,000 tons of cereals for immediate delivery, and while one may be disposed to consider this in the nature of bluff, it is not unreasonable to expect that if Germany could upset our coming to an arrangement with Holland which would give us without requisition so much desirable tonnage, it would be a cheap price for the Central Powers to pay.

I am informed that there is considerable likelihood of the sand and gravel transit measure being amicably settled and cable service resumed in the near future. I should like to ask you, without your going into details, to give some general idea of your opinion on the cable sent to the Department of State on January 2 concerning Dutch negotiations.

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File No. 656.119/128

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, January 10, 1918, 12 noon.

[Received January 11, 4.53 a. m.]

1816. In connection with your 892, January 7, 7 p. m., of which as you request I have made no use, I beg you to submit what follows to the President.

I have just had long talks with my British and French colleagues. Townley has full reports from London of the proceedings of the embargo conferences there as well as expressions of the opinions and wishes of his Government as to what is going on in them. Allizé is wise and is very well informed. They both believe that we shall come to an agreement with Holland. The basic principles essential to Holland and to us, namely, the rationing of Holland and the use of Dutch shipping, are supposed to be agreed upon. The amount of the rations and the precise use to which the tonnage shall be put are supposed to be still subject to discussion. Of course there are other things besides, some of which have been exaggerated into importance and none of which I suppose is essential to us in the prosecution of the war or to Holland to stave off famine.

This country's policy at this time may be put into one phrase: To do nothing that will involve her in the war; to stand tight and grim and very neutral until peace comes. She dreads and fears Germany with an obsession that has produced perhaps in the minds of Dutchmen a new stubbornness which we have got to take into consideration in dealing with them. There may be something petty in their view but they are a little people and we have got to take that into consideration too. It is said that in secret session of the States General the Government has told the committee that Holland's resistance to a German invasion would be a matter of five days. They see at their

doors what has happened and what is still going on in Belgium. But they have another dread and that is unemployment and famine. This dread may be exaggerated. It is nevertheless terribly real. It must continue to be a preoccupation of the authorities. I do not think in comparison they care very much how Dutch tonnage is used, though they would like assurance that they would get it back after the war.

By seizing Dutch ships in our ports we get the use of that much tonnage. But we definitely throw over the use of Dutch tonnage not in our hands, force a give-and-take trade with the enemy upon this people, and throw them altogether into German bonds. And we destroy once for all the ideals which Dutchmen associate with America.

Furthermore we fearfully complicate the Belgian Relief work. There are grim threats already, on the docks at Rotterdam, that the supplies shall be held there rather than that the Dutch shall starve. I have hesitated to cable about these threats because I have feared that they might be misunderstood; . . . I state them now simply as fact.

Most of the Dutch people are with us now. There is almost no unbought expression of public opinion here that is pro-German. We have to do nothing more than stand up to our ideals to keep them with us. But I am bound to say that there is a changing attitude. We have to read and listen already to denunciations of our professions and aims that do not originate with the German propaganda.

Unless our immediate military needs imperatively demand it, I respectfully ask that the decision to seize or requisition Dutch ships in our ports be not taken unless and until our reasonable offers have been definitely and once for all rejected, not by the Dutch delegates in London, but formally, here by the Minister for Foreign Affairs in the name of his Government. Nor should a suggestion that such action is officially contemplated be allowed to leak out as it could have only the worst consequences. The British use of the "big stick" in the sand and gravel controversy accomplished nothing desirable but only added to the difficulties of hurting Germany by accord with Holland. I think it is possible that the Dutch Minister for Foreign Affairs is not kept well informed of what goes on in the conferences at London and is not always accurately acquainted with our point of view. He told me yesterday that he has had no telegrams from his delegates for days. There has been no mail from England for nearly three weeks.

I suggest to you that, if it is the fact, the Secretary of State instruct me to say to the Dutch Minister for Foreign Affairs that my Government understands that we are in accord with his as to the principles of the rationing of Holland and the use of Dutch tonnage. I believe that a statement by the Dutch Minister for Foreign Affairs to this effect would then measurably clear that atmosphere, impede the insidious influences that are working against any accord between Holland and the Entente and ourselves and probably make easier reaching an understanding as to many details the relative importance of which may possibly have been overestimated through lack of a large enough view. Public sentiment would not permit haggling over details.

File No. 656.119/126

The Acting Secretary of State to the Ambassador in Great Britain
(Page)

[Telegram]

WASHINGTON, January 12, 1918, 7 p. m.

6236. Following for Sheldon from War Trade Board:

Our No. 2. Referring to following cables from London Embassy: No. 7923 of December 11; No. 7990 of December 17; No. 8039 of December 21; No. 8074 of December 27; No. 8117 of January 1; No. 8118 of January 1; No. 8130 of January 2; No. 8162 of January 5; No. 8195 of January 8; No. 8205 of January 9 and No. 8210 of January 9.¹

There seems to be confusion on the part of yourself and Allied conference in London concerning Dutch tonnage, judging from your cables, which we would like to clear up.

Our delay in answering your cable No. 7923 of December 11 was due, first, to the fact that we wanted to wait until we could discuss this matter with Doctor Taylor upon his return, and, second, because Mr. McCormick was endeavoring to get the Government to agree to the principle of requisitioning neutral ships, provided all fair and reasonable negotiations failed, which he understood was in accordance with the recommendations made by the Allied conferences in London and Paris. We believed that the Dutch were not willing, judging by their former actions, to accept a fair and reasonable proposition for the use of their tonnage, and that, therefore, it was important before negotiating further, to have this requisitioning principle established, in the event of its being needed.

In the meantime we have considered your proposal for a general agreement, as well as your proposal for a provisional agreement, covering the Dutch tonnage in American waters. We will give you our views in a separate cable upon the general agreement.

In regard to the provisional tonnage agreement, we thought that our proposal of December 29 was a fair and reasonable one, and that if it was refused we would be justified in requisitioning the Dutch ships in our waters, and therefore asked for immediate reply. Since that time we have had a counter-proposal in your cable of January 2, which we refused to accept in our cable of January 5, principally because we did not feel that we should change our former policy and permit a large tonnage of commodities to be exported to a neutral country while important negotiations were pending. This we understood to be the policy of the British and French, who have continually protested against our permitting small quantities of com-

¹ Telegrams 8074, 8162, 8195, and 8210 not printed.

modities to be shipped to any of the neutrals, and particularly protested against the Christmas gifts recently authorized by us.

There is no danger of our adopting an individualistic policy, but it seems to us that London's views have changed and we do not understand the reason therefor.

In addition to our proposal of January 5, if you deem advisable, you may agree to the *Zeelandia* sailing with approved cargo in exchange for the *Frisia*, which would be in the nature of the Christmas ships to other neutrals.

Our reason for refusing to permit the eight ships to sail is that we cannot understand how Great Britain and France can justify to the other neutrals our allowing 66,000 tons of foodstuffs and spices to go forward in eight Dutch ships when they protested against allowing more than a three weeks' ration to Denmark, Norway and Sweden. We feel that all Allied Governments would find it impossible to explain such favoritism towards Holland particularly in view of the fact that Holland has been the nation most backward in negotiations and unwilling to allow any of her tonnage to be used for the needs of the Allies, when Denmark and Norway have lost many ships in our service.

A quick answer to these queries will clarify the situation:

1. Does the Allied conference in London believe that it would be better to secure Dutch tonnage by negotiation rather than by requisitioning?

2. Do you not think that our proposition of January 5, with or without the *Zeelandia* sailing, a fair and reasonable one, and that if Holland refuses to accept same we would be justified in requisitioning their ships here?

POLK

File No. 103.96/194

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, January 12, 1918, 5 p. m.

[Received 11.59 p. m.]

8249. Following for War Trade Board from Sheldon:

No. 21. Van Vollenhoven has just handed me copy of telegram from his Government as follows:

We agree with *primo* of provisional agreement all vessels in American ports except those mentioned clauses 2 and 3 to be sent out for one round trip as designated by American authorities outside submarine zone, [maximum] duration voyage round trip 90 days. Of these vessels an amount up to 150,000 tons to be employed in service of relief. On departure of a vessel to Holland in relief service corresponding vessel will leave Holland for America but de-

parture must be gradual as amount ships on the water at one time cannot be unlimited. To prevent difficulties with our population it would be highly desirable that certain percentage of each relief cargo were placed at our disposal for inland consumption as advance on rationing. We do not, however, make this an imperative condition.

If American Government agree to release *Zeelandia*, *Celebes*, *Gorontalo*, *Ternate*, *Samarinda*, and *Adonis* immediately with original cargoes on condition that Overseas Trust will keep the goods in bond until special permission for release given excepting 8,000 tons rice per *Samarinda* and coffee per *Adonis* which are placed immediately at disposal our Government, six corresponding ships leaving here could on arrival in United States at once be used for transport our own supplies in case definite arrangement is then concluded. You must naturally obtain assurance British Government that no ships navigating under this agreement will be interfered with. Shipowners agree with this arrangement and will arrange details, conditions, freight, etc., in America. Wire if approved.

I am informed that steamers *Nias* and *Ceylon* are in San Francisco with general cargo for Java and that the *Hercules* is empty and may be included in number 1. This explains the number of ships mentioned in the Dutch telegram being six instead of nine. Van Vollenhoven points out that he believes his Government would be quite willing to allow boats in clause 1 which leave on short voyages to be rechartered for a second round trip in case a definite agreement is not concluded on completion of the first round trip. Snouck will arrive in Holland on Monday and Van Vollenhoven hopes you will cable your reply immediately so that this provisional tonnage agreement may be put in force before lengthy discussions commence in Holland over the general agreement. It is important, therefore, to cable at once if you approve of the above, so that a definite undertaking may be arrived at here in writing covering these points and that [charters] be arranged immediately in America. I take it the Dutch are willing to charter the boats in clause 1 without any conditions about the six boats [being] released, but they do desire to point out the advisability of their release. Note that the rice and coffee would go to Government and not merchant consignees.

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File No. 656.119/133a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, January 15, 1918, 6 p. m.

6252. For Sheldon from War Trade Board:

Your No. 21, 12th. We agree to Dutch proposal with following slight changes: Of the 150,000 tons, part to be employed in Belgian Relief, part to be used for supplying Switzerland, which is cargo

under safe conduct, remaining tonnage to be used in trades outside Europe and Atlantic islands. We are willing to allow the *Samarinda* and *Adonis* to go forward, or *Zeelandia* in substitution for either one of them, upon understanding that equivalent amount of tonnage will be dispatched from Holland at same time. Sorry cannot agree to release of four remaining vessels mentioned your cable. The two vessels coming from Holland must be assigned to trades outside Europe and Atlantic islands, the same as tonnage first above mentioned. Hope you will obtain two round trips instead of one if operated in short voyage trade, but we are not insisting upon this now. Telegraph immediately in order to get the matter concluded.

LANSING

File No. 656.119/132

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, January 17, 1918, 2 p. m.

[Received January 18, 1238 a. m.]

8282. For War Trade Board from Sheldon:

No. 34. I negotiated with Vollenhoven as per your telegram the 15th in answer to my No. 21, and he has sent the following cable to his Government:

Representative American War Trade Board informed me his Government agrees with provisional agreement as follows. All vessels mentioned in clause 1 plus *Hercules* to be chartered under agreed charter terms to United States for one round trip maximum duration 90 days outside Europe and Atlantic islands. Of this amount up to 150,000 tons to be employed at the discretion of United States Government, part in the service Belgian Relief, part for Switzerland on safe conduct to Cette, France. Vessels which have gone on very short trips and arrived back before definite arrangement has been concluded are to be permitted by Government of the Netherlands to be [rechartered] for another short trip, total duration of trips maximum 90 days. For each ship to Holland sent in relief service corresponding vessels to leave Holland for America. From other ships lying in American ports two ships will be allowed to leave for Holland to be chosen from three following: *Samarinda*, *Adonis*, and *Zeelandia*. Two ships of similar tonnage must be sent in exchange from Holland to United States and put at disposal of United States Government after arrival for one round trip in the same way as ships in clause 1. If *Zeelandia* is chosen [*Frisia*] must be sent in exchange. All cargo on the two boats released to Holland shall be consigned to N[etherlands] O[versea] T[rust]. The British authorities have stated they would expedite examination and clearance at Halifax. If you can agree with this, please arrange direct with Washington and let me know as soon as possible.

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File No. 656.119/133

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, *January 17, 1918, 8 p. m.*

[Received January 18, 9.55 a. m.]

1899. Minister for Foreign Affairs has just informed me that he cabled on the 9th to his Legation, stating that prevailing uncertainty as to eventual return of the *Nieuw Amsterdam* from New York prompted him to ask you kindly to give [our] assurance that she would not be prevented from sailing back to Holland, explaining he received answer that you had promised reply for the 14th. He has just now received telegram stating that you had on Rappard's repeated application promised a speedy decision. He asks me to cable you.

The passengers were embarked on the *Nieuw Amsterdam* on the evening of the 15th and she was to have sailed early yesterday morning. The Dutch Minister to Washington and some 450 other Dutch officials are on board. If it can be said that the delay in her departure is due to us, the interference is bound to be very damaging at a moment when it begins to look as if we were coming to an understanding. I think it can hardly be appreciated at home how great the effect of such reaction would be in this little country.

GARRETT

File No. 656.119/142a

The Acting Secretary of State to the Minister in the Netherlands (Garrett)

[Telegram]

WASHINGTON, *January 19, 1918, noon.*

924. Your 1899, January 17, 8 p. m. It is reported here that *Nieuw Amsterdam* has sailed. If she has not sailed, Department gives authority to you to give assurance that *Nieuw Amsterdam* will be permitted to return to Holland on a guarantee from the Dutch Government that she will return immediately to the United States on her next arrival in Holland. Department gives you this authority in order to facilitate pending negotiations with the Dutch Government.

POLK

File No. 656.119/139

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, *January 19, 1918, 8 p. m.*

[Received January 20, 8 a. m.]

1906. Referring to my 1899, January 17, 8 p. m. Loudon tells me that recently the German Minister told him that the German

prize-court regulation not hitherto applied to Dutch ships would be so applied on and after the 13th instant. The German Minister in the same conversation said that he was sure no objection would be taken to the *Nieuw Amsterdam* on her outward trip if assurances were given that would not be detained at New York. Loudon therefore cabled you but left out the reasons, fearing that you would consider it a threat and therefore difficult to accede to. He did not wish me to cable you as above, but I told him I felt sure you would not take it in that sense and that it was better that you should know the reason the *Nieuw Amsterdam* has not yet sailed.

GARRETT

File No. 656.119/143

The Minister in the Netherlands (Garrett) to the Secretary of State
[Telegram]

THE HAGUE, January 23, 1918, 4 p. m.

[Received 10 p. m.]

1920. Your 924. January 19, 12 a. m. I gave assurances as you authorized and have received a written reply dated January 22 as follows:

The Netherlands Government hereby guarantee that the steamship *Nieuw Amsterdam* will immediately return after her next homeward voyage. Signed, The Minister for Foreign Affairs, Loudon.

GARRETT

File No. 656.119/193

The Netherland Minister (Van Rappard) to the Counselor for the Department of State (Polk)

No. 648

WASHINGTON, January 25, 1918.

DEAR MR. POLK: Referring to our conversation of to-day I have the honor, according to a cablegram received from my Government, to confirm the provisional agreement made through the intermediary of the Netherland representatives in London and representatives of the United States War Trade Board, whereby all vessels lying in American ports with exception of the steamers *Zeelandia*, *Celebes*, *Ternate*, *Gorontalo*, *Adonis* and *Samarinda* are to be chartered under agreed charter terms to the United States for one round trip maximum duration of which is 90 days, outside of Europe and Atlantic islands. Of this amount up to 150,000 tons is to be employed at the discretion of the United States, partly in the service of the Belgian Relief, partly for Switzerland on safe-conduct to Cette, France. Vessels which have gone on very short trips and arrived back before definite arrangement has been concluded are to be permitted by the

Netherland Government to be rechartered for another short trip, the total duration of which trips not to exceed the maximum of 90 days. For each ship sent to Holland in the service of the Belgian Relief a corresponding vessel is to leave Holland for the United States. From other ships lying in American ports two ships will be allowed to leave for Holland, to be chosen from the three following: *Samarinda*, *Adonis*, and *Zeelandia*. Two ships of similar tonnage must be sent in exchange from Holland to the United States and be put at the disposal of the United States Government after arrival for one round trip in the same way as ships now lying in American ports with the exception of the six ships mentioned herein. If the steamer *Zeelandia* is chosen, the steamer *Frisia* must be sent in exchange. All cargo on the two boats released to Holland shall be consigned to the Netherland Oversea Trust Company. The Netherland Government must have the guarantee that the French Government will not requisition nor detain the ships in Cette. The shipowners will instruct their agents.

Believe me [etc.]

W. L. F. C. v. RAPPAARD

File No. 656.119/447a

The Acting Secretary of State to the Commissioner of Docks and Ferries of New York City (Hulbert)

WASHINGTON, January 28, 1918.

SIR: In reply to your letter of the 21st instant¹ you are advised that the Dutch ships now lying idle in New York Harbor will very soon be freed, as the negotiations which are being carried on by the Department of State and the War Trade Board are now close to a successful termination. I think it is only a matter of a very few days before all the vessels will be moving either to dry dock or to sea.

Thanking you for your interest in the matter,

I am [etc.]

FRANK L. POLK

File No. 656.119/195

Major Grimpel of the French High Commission to the Chairman of the War Trade Board (McCormick)

[Translation]

WASHINGTON, February 2, 1918.

MY DEAR MR. MCCORMICK: The Government of the Republic advises that, at the request of the Swiss Legation, it has informed the Netherland Government that the Dutch ships now held in the United States, which may proceed to Cette for the transportation of supplies to Switzerland, would neither be detained nor requisitioned

¹ Not printed.

by France, but would be allowed to continue on their course in accordance with the agreements reached in the meantime with Holland.

Accept [etc.]

M. GRIMPREL

File No. 656.119/166

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, February 12, 1918, 1 p. m.

[Received 7.58 p. m.]

8621. For your information and for War Trade Board:

No. 146. The following confidential message has been received from Garrett for Sheldon:

Loudon tells me he has told the German Minister of proposals the Dutch are now formulating and that German Minister has stated severe objections to reduction in exports to Germany contemplated in proposal providing for feeding-stuff ration, but it is uncertain how strongly Germany will press these objections. Germans are apparently not objecting to those small restrictions contemplated in the no-feeding-stuff alternative. German Minister has also entered general objections to use as per proposed general agreement of Dutch vessels by Allies but apparently has not yet entered formal protest nor announced the action [as to] counter-measures Germany would take. Shipping circles are not yet taking seriously Germany's reported threat to withhold coal from all outgoing Dutch vessels. Loudon seems to be pretty confident that German threats will not seriously compromise or even delay conclusion of an agreement. Snouck thinks proposals may be wired to Van Vollenhoven next week.

Since Dutch brought their memorandum from London, the opinion has become prevalent in Holland that it could be taken as a British proposal which was rather favorable but which the Americans would probably not accept. Snouck has said to me that Leverton Harris intimated as much to him. This mis-impression is in fact largely traceable to Snouck who apparently hopes to make America accept the terms of the memorandum by using the Allies against one another or by playing upon our desire not to have all the odium of a miscarriage of the negotiations fall upon America alone. I have pointed out to Foreign Office the nature of the memorandum and that it was thoroughly understood by the Allies mutually that no maritime details had been accepted by any one of them.

At the moment the principal modifications would seem to be: (1) that the Dutch will request assurances that they shall receive the rations agreed upon; (2) that the restrictions [on] exports to Germany, together with the question of fertilizer and feeding-stuff ration, should be considered separately from the remainder of the agreement in order to avoid threatened difficulty with Germans; (3) several larger rations; and (4) a corresponding decrease in ships to be placed at disposal of Allies.

Shipowners seem to be offering no complaint against the terms of the permanent agreement.

Snouck is not returning to London, but Valstar will probably return alone on 1st. Convoy sailing after proposals are ready and from there to America if Dutch Government concludes to have a permanent representative there in connection with shipping matters.

Suggest you transmit above to Washington.

PAGE

File No. 656.119/231½

*Memorandum of the Assistant to the Counselor for the Department
of State (Auchincloss)*

February 25, 1918.

The Dutch Minister called and spoke very earnestly about the present situation in Holland with respect to grains. He handed me a copy of a cable received from the Minister for Foreign Affairs, which I attach hereto.¹ He stated that two things were troubling him:

- (1) The fact that the negotiations carried on in London apparently were not final and had to be referred to the War Trade Board for approval;
- (2) That the United States did not recognize the fact that the Dutch Government could not carry through any agreement which was not approved by Germany.

He begged most earnestly for releases of grain so as to forestall riots and disturbances which he said would occur in Holland were the food shortage to continue.

He said that he wanted very much to have the *Nieuw Amsterdam* return to Holland at the earliest possible moment² so as to prove to his Government that the American Government would live up to its promise to permit this boat to return, provided the assurance was given this Government that the *Nieuw Amsterdam* would return here forthwith.

He said that it would be very satisfactory if the cargo of the *Samarinda*, now at Norfolk, which amounted to 7,000 tons of rice could be loaded on the *Nieuw Amsterdam* on her return trip, together with certain oil cakes referred to in the telegram. I promised to do what I could for him with Mr. McCormick. He said that he felt that he must ask for an audience with the President so as to acquaint him with the desperate situation now prevalent in Holland. He said that if we were not a little bit more generous they would be forced to accede to Germany's terms.

A[UCHINCLOSS]

¹ Not printed.

² It had arrived on Feb. 7.

File No. 656.119/202½

The British War Mission to the War Trade Board

WASHINGTON, February 26, 1918.

MEMORANDUM ON THE PRESENT POSITION IN REGARD TO THE DUTCH SHIPPING AGREEMENT

The text of the Dutch shipping agreement was agreed *ad referendum* on the 4th of January, 1918. The fact that it has not yet been confirmed by the Dutch, coupled with the fact that the Dutch shipowners have been unable to carry into effect that part of the *modus vivendi* which provides for simultaneous sailing from England and the United States of certain Dutch vessels, points to the conclusion that German opposition will prevent the agreement being carried through in its present form.

At the time when the agreement was negotiated, there were over 400,000 d.w. tons of Dutch shipping in United States ports and the representatives of the Dutch Government were well aware that failure to reach an agreement would probably be followed by the requisitioning of these vessels and there is no doubt that they hope to use this as an argument to persuade the German Government to assent to the agreement. It would seem that they have not been successful in this.

Whilst the negotiations were in progress, the representative of the Dutch Foreign Office, Mr. Snouck, came forward with a proposal that all Dutch ships in United States ports should be immediately chartered to the United States Shipping Board for one round voyage. Contrary to the usual Dutch custom, no specific compensation was demanded in return for this concession, though certain concessions were asked for as favours. On being asked for his reasons for making this suggestion, Mr. Snouck stated that it was done to show Dutch good-will to the Allies and to promote the interests of the Dutch shipowners. No importance attaches to the first reason and the delay in chartering the ships casts some doubt on the accuracy of the second statement. The only motive which can be assigned for the Dutch action appears to be a desire to get the ships out of United States ports.

This being so, the question arises whether, having regard to the long delay which has taken place and to the difficulties which have occurred in regard to ships sailing from Holland, it is now desirable to allow Dutch ships to leave United States ports. If the Dutch Government have been unable to obtain German approval of the agreement whilst a large block of Dutch tonnage is lying idle in Allied ports, they will be still less likely to do so when these ships are safely on their way to South America; without German approval

the agreement can not be carried through and the only alternative would appear to be requisitioning.

If requisitioning is carried out, we shall obtain the use of—say 400,000 tons of shipping—but we run the risk of seeing the rest of the Dutch merchant ships laid up and of throwing Holland into the arms of Germany. To avoid this it is essential that requisitioning should be carried out in such a way as will be in the real interests of Holland. This can be done by informing the Dutch Government of our intention, so far as possible, to employ requisitioned ships in the manner provided for in the agreement. As the requisitioned tonnage will be considerably less than the tonnage we should obtain under the agreement, it would be reasonable to inform the Dutch Government that they will be allowed the supplies provided for in the agreement, on the understanding that the whole of the requirements of the Belgian Relief Commission in regard to tonnage, will be met out of ships now detained in Dutch ports. They might also be informed that we should raise no objection to the continuation of this trade between the Dutch East Indies and Allied countries, in the manner provided for in the agreement by Dutch ships now lying in Dutch colonial ports. The whole of the requirements of Holland will have to be met out of the tonnage remaining in Holland, after the needs of Belgium have been provided for.

In order still further to assist the Dutch shipowners, His Majesty's Government might perhaps be able to offer Dutch ships the protection of our convoy system—

(a) From overseas to England and

(b) From England to Rotterdam

but before anything is said as to this it would be necessary to ascertain from London whether such protection is practicable.

BRITISH WAR MISSION

Difficulties and Delays in Executing the Provisional Arrangement and Concluding the Final Agreements—Dutch Request for Advance Grain Shipments—New Tonnage Proposals, with Time Limit for Acceptance, Made by the British Government, March 8

File No. 656.119/196a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, February 27, 1918, 9 p. m.

6709. For Sheldon [from War Trade Board]:

The Dutch are pleading inability on account of German threats to live up to that portion of provisional agreement which provides that for each ship sent to Holland in the service of Belgian Relief a corresponding vessel is to leave Holland for the United States and

in this connection the Netherlands Minister read McCormick a cable from his Government stating that Germany had notified them that if the effort were made to send such corresponding vessel from Holland for each ship sent to Holland in such service the Germans would take steps to prevent. In addition to foregoing, Shipping Board and this Board have experienced great difficulty in getting Dutch shipowners to charter any ships for employment to Cette for Switzerland, and in this behalf the Netherlands Minister suggested in an interview on Monday with McCormick and other members of this Board that irrespective provisional agreement it was necessary to obtain the consent of shipowners to Cette chartering. While the Netherlands Minister is asking time for his Government to secure withdrawal of foregoing German threat, we are strongly of the opinion that Holland will not live up to her agreement to cause a corresponding vessel to leave Holland for each ship sent to Holland in the service of the Belgian Relief. In addition to constituting a breach of the provisional agreement, this action substantially lessens the value of the agreement to us and may and probably will result in the passing from our control during the continuance of the provisional agreement of a large percentage of the total Holland tonnage now in our ports. We have discussed with the Shipping Control Committee the question as to whether it is not advisable under these circumstances to requisition the Dutch shipping now under our control approximating 400,000 tons upon the ground that Holland's attitude in the face of the German threat makes us feel that we can have no assurance of her being able or being allowed to carry out the terms of the provisional agreement and suggesting that we shall be glad to go ahead with them upon the negotiations for furnishing them their required supplies and for bunkering their ships. We believe that if we acquiesce in the proposed general shipping agreement with Holland which gives us no tonnage in the war zone that the same treatment will be demanded by Sweden and insisted upon by Denmark and that as a result we will be short of tonnage for the war zone during the next few months. It is our hope that even if we do requisition Holland tonnage now under our control such action on our part will not preclude the possibility of securing in negotiation substantial tonnage from Holland for the safe zone in exchange for our rations and bunker licenses. We are further of the opinion that this is our last opportunity to requisition any substantial Dutch tonnage because when the ships once get out upon their various voyages no large percentage of the present tonnage will ever be in our harbors or under our control again at the same time and there is an undercurrent of feeling here that it was for this very reason that

Holland entered upon the provisional agreement. Pending your reply and the answer of the Foreign Office to a similar cable being sent today by the British representatives here, the Shipping Board has postponed all Dutch sailings. It is vitally important that the movement of these ships should not be delayed a moment longer than is necessary to reach a determination and we beg that you will get into immediate touch with the British authorities and cable us as promptly as possible.

LANSING

File No. 656.119/237

The Minister in the Netherlands (Garrett) to the Secretary of State
[Telegram]

THE HAGUE, *March 3, 1918, 5 p. m.*

[*Received March 4, 1.26 p. m.*]

2088. Your 1002, February 28.¹ It is unofficially confirmed at the Foreign Office that the Germans have stated that no Dutch vessels now in Dutch ports will be allowed to leave. Nevertheless, Foreign Office seems optimistic in regard to understanding with Germany within a fortnight for putting into service all such vessels. I cannot yet learn details of this understanding but I am told that it will be unobjectionable to us.

It is said at the Foreign Office that the Dutch proposals for a general agreement will be ready in about two weeks and that they are practically identical with ration schedules outlined in the Allies' London memorandum. I learn informally proposals place at the disposal of Allies full 600,000 tons dead weight mentioned in negotiations at London. It would therefore appear to be a mistake to follow any policy which might make it impossible or more difficult to obtain this full amount unless immediate military necessities demand it, which of course cannot be judged here. The British Minister tells me he has been told by the best informed Dutch source that it is the Dutch intention to come to an agreement with the Allies if possible with, if necessary without, German consent.

If you are counting on future negotiations after seizure of Dutch ships in our ports I think you must keep in mind the state of feeling that will be created here against us which will make any headway toward mutual understandings certainly more difficult than heretofore.

According to best obtainable information Holland's bread cereals including potato flour are expected to be exhausted about the third week of May at the present rate of about 50,000 metric tons per

¹ Repeating telegram of Feb. 27 to the Ambassador in Great Britain (No. 6709) for Sheldon, *ante*, p. 1397.

month. Plentiful meat and vegetable supply and possible reduction of bread ration may postpone this date for a while and proper precautions, if taken, may further postpone severe suffering. Nevertheless, hunger demonstrations which have already occurred may be expected to increase. The situation from the Dutch point of view will be that the Allies are using forcibly or otherwise all available Dutch shipping while Holland is suffering from lack of bread. If we should then decide to allow an amount of cereals to come to Holland immediately to relieve the situation or to prevent injury to Belgian Relief, we should have to send vessels other than those in Dutch ports. We could not expect that Germany would permit such vessels to return except on condition that they remain exclusively in the service of Holland. Holland now has in Dutch ports about 350,000 tons dead weight suitable for lifting rations, which is practically the figure mentioned recently in London. Would it not be logical to require Holland to lift her rations with these vessels and permit no more vessels to come here for Dutch rationing purposes? Might not this principle be made to include the five vessels *Celebes*, *Gorontalo*, *Ternate*, *Nias*, and *Ceylon*, particularly if Holland declares herself unable to live up to the *modus vivendi*? The Commission service could continue as before, each ship being allowed to leave America on the understanding that she would return. If the Germans disagreed to this, onus for the non-feeding of Belgium would be on them alone and the vessels would be added to Allied fleet; furthermore, if Dutch were told immediately that they could have certain quantity of bread cereals if they sent their freighters to fetch it, they would just have time between now and the third week in May. If the Germans refused assurances for these ships, difficulties arising from hunger situation would be blamed on Germany alone.

In regard to some of the other points in your telegram I am told at the Foreign Office that delays in chartering are being overcome as rapidly as possible and are chiefly due to slow telegraphic service. Delay in the Cette charters was due to Dutch lack of faith in German assurances. Foreign Office apparently believes that all charters will be in order within a few days. If, therefore, the War Trade Board decides to requisition any or all of these vessels and send them into the war zone, I think you should instruct me how to make it perfectly clear to the Dutch that our agreement not to use these vessels in the war zone has lapsed owing to the lapsing of the whole *modus vivendi*, and the exact reasons why the *modus vivendi* has lapsed should be made public by you in advance. If there should still appear to be unnecessary delay in the chartering of Dutch vessels, might it not have a salutary effect to requisition a few vessels only of some of the apparently recalcitrant owners, we of course

stating in every such case why we have abandoned our agreement not to use such vessels in the war zone.

In regard to reference in your telegram to Sweden and Denmark, I understand that it was never settled in London that under the general permanent arrangement with the Dutch authorities the vessels should not be used in the war zone. The question when raised by the Dutch authorities was always carefully reserved. The Dutch authorities cannot be building great hopes on the prospect of always having their vessels used outside the war zone. Might not this be used to stop criticism in the Scandinavian question?

The British Minister here tells me that he is cabling his Government this morning his reasons for believing that seizure at this time would do the Allies more harm than good. The feeling of antagonism that we believe such action will bring about will render difficult or impossible other negotiations with Holland such as those for credits, of which I understand there is now excellent prospect of our being able to get during 1918, say 120,000,000 guilders exclusive of, say, 84,000,000 for (Belgian Relief?), for the restriction of exports to Germany, and on the sand and gravel question, which latter seems to be on the point of favorable solution and which is of growing importance to us now that our troops are at the front. Very serious consideration should be given to the dangerous, if not fatal, position in which the relief work in Belgium and northern France will be placed. The mention of the sand and gravel question above may indicate, together with the disadvantage and perhaps danger from a military standpoint, of (pressing?) these people against which the French Minister is cabling his views also to his Government today. He will lay particular stress, he tells me, on the unwisdom of taking such step as requisitioning without a careful preparation of the local ground beforehand so that in so far as may be possible the slap in the face which we may be about to administer to the Dutch may be mitigated. I hope you will not fail to give me both the information and the time necessary to assist my colleagues in this.

GARRETT

File No. 656.119/199

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, March 4, 1918, 11 p. m.

[Received March 4, 8 p. m.]

8894. War Trade Board [from Sheldon]:

No. 225. Referring to your unnumbered through State Department 6709, February 27, 9 p. m. As a result of conversations with Cecil with my approval he stated to Vollenhoven that owing to the

unwillingness of the Dutch Government to carry out the *modus vivendi* and the fact that after over two months of waiting no proposals had come from the Dutch Government that would give us any hopes that a definite agreement might be concluded, the Allies could not wait indefinitely, and he told Vollenhoven that some inter-Allied maritime conference was taking place in London next Monday. He further informed Vollenhoven he believed that [if] the Dutch Government signified their willingness before next Monday to sign the tonnage part of the definite arrangement, he believed the Allies will furnish Holland 100,000 tons of bread grains for delivery in May and June on condition that the boats should start at appropriate time from Holland to the designated destination to lift this amount. The import of this communication was, and the intimation was, understood that should a satisfactory settlement of the Dutch tonnage situation not be arrived at by Monday next there was every prospect of all Dutch tonnage being requisitioned.

PAGE

File No. 656.119/202

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, March 6, 1918, 7 p. m.

[Received March 6, 4.57 p. m.]

8917. War Trade Board [from Sheldon]:

No. 235. Your 6709, State Department February 27. Cecil informs me the War Cabinet have approved the proposal to give the Dutch until Monday next to agree to the definite tonnage agreement in consideration for which Holland shall be furnished 100,000 tons of bread grains, and failure acceptance of this that all Dutch boats should be requisitioned. Cecil informs me that he has communicated to their British Chargé d'Affaires to postpone Dutch sailing. Have asked the French to do likewise. I understand that nine Dutch boats have left American ports under *modus vivendi*; if so, please give us the names and destinations. It is suggested that they should be kept track of to prevent their escaping in cases of requisition.

An intercepted cable from the Dutch Foreign Office at The Hague to the Dutch Consul at Baltimore inquires the date and hour of sailing, the date and hour of arrival last year of some 21 Dutch boats. Whilst this may be for statistical purposes, it may be significant. Could you state where steamship *Wioldrecht* is now located?

PAGE

File No. 656.119/2001½

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, March 6, 1918, 5 p. m.

[Received March 7, 2.20 a. m.]

2101. My 2008 [2088], March 3, 5 p. m. Both the British and French Ministers, the former in answer to instructions asking his advice as to what should be done to prepare public opinion here as far as possible in anticipation of the lapse of the *modus vivendi* and the putting into use of Dutch shipping without it, are cabling their Governments.

We have talked over this matter somewhat in the following sense. There was a great outburst of complaint here over the sand and gravel question, and the resulting restrictions on commercial cables, and for part of it the lack of action of the British Government was blamed, in that the measures took the public unawares, no account of the situation, or explanation of the necessity of the steps taken to meet it, having been given out beforehand. Such blame at least should be avoided as far as possible this time. They therefore ask instructions, and I ask for similar ones, to enable them to say what is considered necessary, to the Dutch Minister for Foreign Affairs for publication by him. We might say in effect:

- (1) That we are all acting in accord; that it is not an individual action by one of the Allies.
- (2) That a *modus vivendi* had been reached for the putting into use of Dutch tonnage; that by it we were to have the use of the ships, not to bargain for them during more than a month; and that we are forced to conclude that the *modus vivendi* has not been lived up to by the Dutch and has therefore ceased to be in effect; that opposition by our enemies seems to have made it impossible for the Dutch Government to carry out its part of this arrangement.
- (3) That because of this opposition, we are driven to putting into use the Dutch tonnage on terms, it may be stated, quite advantageous to the owners of that tonnage.
- (4) That the tonnage thus put to use of course remains Dutch after the war.
- (5) The Allies are prepared moreover to come to an agreement for the rationing of Holland, and to set aside in an American port for immediate delivery to the Dutch Government a certain amount of bread cereals, the Dutch to send their ships now in Holland to fetch it, under guarantees, of course, that we will not detain these ships but will permit as far as we are concerned, their return laden to Holland, we of course agreeing also to supply them the necessary bunkers.

Perhaps it might be decided with advantage to instruct us immediately to announce the setting aside of grain for the Dutch Government in an American port, and let the other announcements be made subsequently, but soon, and certainly before Monday next.

I beg respectfully to suggest that the words "seizure" or "requisition" be carefully avoided. We are as a matter of fact only putting into use the idle Dutch tonnage, greatly to Dutch owners' advantage. After statement as above has been made it would seem to be advisable that the joint conference in London should also give out statements carefully that would have the desired effect.

GARRETT

File No. 656.119/1191

The Netherland Minister (Van Rappard) to the Secretary of State

No. 2014

MEMORANDUM

In accordance with instructions from my Government I have applied first to the Secretary of State and eventually on the 28th of February to the President of the United States, requesting that we should be allowed pending the negotiations about the so-called "definite agreement" to ship to Holland a quantity of say 100,000 tons of foodstuffs, in the first place the cargoes of the Dutch steamers *Merak* and *Noord-Brabant* under the promise that the oil cakes forming part of those cargoes and really intended for cattle fodder should be used for human food.

The President promised me that he would take the matter up with his advisers in the War Trade Board and that I should get a reply from that body.

Up till now I am without such a reply and I should very much appreciate if it could now be given without much further delay.

[No signature indicated]

WASHINGTON, *March 8, 1918.*

File No. 656.119/276

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, *March 8, 1918, 10 a. m.*

[Received 12.13 p. m.]

2112. Minister for Foreign Affairs writes me that there are 65 Dutch ships in the United States. Of these, 39 have now been duly chartered and confirmed by cable; 10 duly chartered but not yet confirmed by cable; 3, order to charter cabled but no reply yet; 1

offered for charter but no answer received; 2 under German obligation owing to repairs with German material, can therefore be chartered only for Belgian Relief or Switzerland; 5 ordered to unload, whereupon to be chartered; 1 passenger ship *Ryndam* and 4 only [others?] not yet agreed upon as to charters. Loudon adds that no cables have been received, for instance, by Netherlands Indian lines which do not even know in which ports their ships are lying. Sheldon notified.

GARRETT

File No. 656.119/199

The Acting Secretary of State to the Ambassador in Great Britain
(Page)¹

[Telegram]

WASHINGTON, March 8, 1918, 1 p. m.

6805. For Sheldon [from War Trade Board]:

No. 178. Your 8894, March 4, 11 p. m. We desire direct your attention that if carrying out by Dutch of tonnage part of final agreement is conditioned upon their later signing ration and blockade parts of such final agreement, Dutch Government can escape any obligation by later refusing to sign ration and blockade parts of final agreement. In the light of their treatment of temporary tonnage agreement we do not think much weight should be given to anything short of their unconditional agreement respecting ships, and even their being permitted by Germany to perform that may be doubtful. Delay in reaching determination respecting requisitioning will seriously impair shipping efficiency under Dutch charters as importance of keeping ships in our jurisdiction makes proper and effective routing impossible. We hope for your early conclusion regard to requisitioning.

Repeat Garrett and Stevens.

POLK

File No. 656.119/200½

The Acting Secretary of State to the Minister in the Netherlands
(Garrett)

[Telegram]

WASHINGTON, March 8, 1918, 7 p. m.

1017. Your No. 2101, March 6, 5 p. m. We are fully alive to the importance of prompt suitable publicity in the event that requisition-

¹ See last sentence for instruction to repeat to Garrett, U. S. Minister in the Netherlands, and Stevens, U. S. representative on the Allied Maritime Transport Council.

ing is decided upon and the course proposed by you is approved in general. We will shortly cable you in greater detail commenting on your specific suggestions and proposing one or two additional points of view. It is not practicable to announce immediately the setting aside of grain for the Dutch Government in an American port, as there is no such grain available, and grain for Holland will probably for the most part have to be lifted from Argentine. We authorize, however, the giving of immediate publicity, if you see fit, to the circumstances surrounding the offer of food contained in the recently signed *modus vivendi* whereby the *Adonis* and *Samarinda* with cargoes of rice and coffee were permitted to proceed from the United States to Holland provided equivalent tonnage left Holland for the United States. Germany's refusal to permit Dutch ships to leave Holland as agreed, which refusal is we assume generally known and has been informally mentioned to us by the Dutch Minister, constitutes clear evidence of coercion, causing Holland to violate a solemn agreement with another state with the result of preventing her securing foodstuffs which the United States has offered.

POLK

File No. 656.119/207

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, March 8, 1918, 11 a. m.

[Received 9.20 p. m.]

8951. From Sheldon, for your information and that of War Trade Board.

No. 246. Following is paraphrase of telegram sent by Foreign Office to British Minister at The Hague last night:

Grave shipping situation confronts the Allies at present. Discussion with Dutch delegates of proposals for employment of Dutch tonnage has led Allied Governments to hope that when these proposals came into force, they would secure for Allied service outside the danger zone a large quantity of Dutch tonnage. If these hopes had been justified at the time, arrangements could have been made to withdraw other tonnage from the danger zone and replace it by Dutch vessels provided under the agreement. Continued delay of the Netherlands Government in coming to an agreement has produced a situation in which this can no longer be done consistently with securing the most suitable employment of shipping during the forthcoming critical period. Although the terms of the general agreement were agreed upon *ad referendum* in January last by British and Dutch delegates in London, no further communication has yet been received from Government of the Netherlands and the

situation which has arisen renders it impossible for His Majesty's Government to await longer the conclusion of the general agreement. The importance to the Allies of obtaining the employment of Dutch vessels without restriction as to the waters in which they may sail is so great that I am compelled to ask you to inform Minister for Foreign Affairs that owing to the long delay of the Netherlands Government in replying to our proposals, the necessity has arisen of requiring a modification in the original tonnage proposals, for the purpose of insuring that the employment of Dutch vessels shall be without restriction. In making this communication you are authorized to intimate unofficially that, in order that the request now put forward may be rendered acceptable, we hope to see our way to propose to the Netherlands Government on behalf of the Allied Governments that at the termination of the war any Dutch vessels lost in the existing danger zone through enemy attack, while on charter to the Allies, shall be replaced. It is also hoped that it may be found possible to make arrangements to place in a United States port 50,000 tons of wheat before April 15 next, for the use of the Netherlands Government, and to supplement this consignment by a similar quantity at a port on the South American Atlantic seaboard. It is earnestly hoped that the Netherlands Government will see their way to accept these terms. The Allied Governments attach so much importance to a speedy termination of a state of affairs in which the German submarine campaign is receiving direct support by the idleness of the large number of Dutch vessels, that in the event of the Netherlands Government being unable to accept the present proposal they will be constrained to accept other steps in order to bring these vessels into service.

Moreover, in view of the increasing urgency of the matter, His Majesty's Government must ask to be favored with a reply on March 18 at the latest. I have spoken to Mr. Van Vollenhoven in the above sense.

Copy has been sent to Garrett and also handed to Shipping Mission here.

PAGE

File No. 656.119/202

The Acting Secretary of State to the Ambassador in Great Britain
(Page)

[Telegram]

WASHINGTON, March 9, 1918, 5 p. m.

6826. For Sheldon from War Trade Board.

No. 184. Embassy's 8917, March 6, 7 p. m. Your 235. *Wieldrecht* is now New York Harbor. The names of the nine Dutch boats and destinations are as follows: *Randwyk*, *Pollux*, *Winterswyk* and *Clio* to Key West; *Jan van Nassau*, *Beukelsdyk*, and *Zuiderdyk* to San Juan; *Cornelis* and *Java* to Panama Canal.

POLK

File No. 656.119/211

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, March 9, 1918, 9 p. m.

[Received March 9, 7.06 p. m.]

8989. For the information of the War Trade Board and Shipping Board from Sheldon and Stevens:

No. 255. After consultation and deliberation we recommend that you concur in the British proposal to the Dutch as per War Trade Board cable No. 246 and hold all Dutch ships in port until new proposal accepted or rejected. This should bring a definite settlement by March 18. Our reasons for recommending adhering to new proposal and not requisitioning immediately are: (1) because the British cannot withdraw from the new proposal made by them to the Dutch without incurring charge of breach of faith, and immediate requisition by us acting alone would be considered by the Dutch a breach of good faith on the part of both Governments; and (2) because if the Dutch accept the new proposal which contemplates operation of vessels in war zone it would be almost as advantageous to us as requisitioning and would not incur the obvious disadvantages of the drastic measure of requisitioning. If, on the other hand, the Dutch do not accept this new proposal by March 18, and both Governments then requisition, we think that our joint action then would not have such a harmful effect on Dutch public opinion as would be the case if without warning we alone should immediately requisition.

Copy sent to Garrett.

PAGE

File No. 656.119/214

The Netherland Minister (Van Rappard) to the Secretary of State

MEMORANDUM

The Netherland Minister presents his compliments to the Honorable the Secretary of State and has the honor to inform him that according to information received by him from his Government, and which tallies with what he learned on this side, the United States desire an alteration in one of the most essential conditions of the agreement which was drawn up in London between the representatives of the United States, the Allied Governments and the Netherlands, viz., that the ships which the Netherland Government put at the disposal of the Allied cause should not navigate within the so-called war zone.

This change of attitude would greatly endanger the conclusion of the said agreement as the Netherland Government cannot accept

the proposed alteration, and would moreover have a most unfavorable effect on the public opinion in Holland.

It must be borne in mind that out of the entire Netherland transatlantic fleet of about 1,350,000 tons, about 425,000 tons have been put at the disposal of the United States under the so-called provisional agreement, whilst about 525,000 tons carry products from the Netherland Indies to America and the British Indies, about 85,000 tons are immobilised in Allied ports and 300,000 tons in Netherland ports. Not a single ship is allowed to carry cargoes for the use of the Netherlands whereas 1,000,000 tons work on behalf of the Allied cause.

The enormous service which is rendered in this way has already had a very serious effect on the relations between Holland and Germany, which can at any moment cut Holland off from the North Sea, and no other compensation is asked than that its ships shall not be forced to navigate within the war zone.

This condition cannot be unacceptable to the Allies and the United States, as the ships which Holland puts at their disposal can replace ships belonging to them and which can then be used within the war zone. On the other hand, if Holland allowed its ships to be used in that zone, its international position would become altogether untenable.

It is for this reason that it is most urgently requested that the Government of the United States will use all its influence to have the condition maintained that the said Netherland ships shall not be used within the war zone.

WASHINGTON, *March 11, 1918.*

File No. 656.119/235a

The Acting Secretary of State to the Ambassador in Great Britain
(Page)¹

[Telegram]

WASHINGTON, *March 12, 1918, 9 p. m.*

6857. For Sheldon [from War Trade Board]:

No. 195. For your confidential information. This morning McCormick, after consultation British Embassy, stated informally to the Dutch Minister that it is the intention of the United States and the Allies to supply Holland with 100,000 tons of cereals whether she complies with Great Britain's proposal to charter her ships without restriction of trading limits or by noncompliance obliges the United States and the Allies to employ her ships now in their waters, and

¹ See last sentence for instruction to repeat to Stevens, U. S. representative on the Allied Maritime Transport Council, and Garrett, U. S. Minister in the Netherlands.

McCormick suggested that in view of this decision Holland might save time in securing her foodstuffs by making her decision immediately and starting ships at once from her ports for the United States and Argentine to lift these bread grains. McCormick also stated to the Minister that if Holland's refusal to charter her ships without restrictions as to voyages obliged the United States and her associates to take over the tonnage, it was their intention nevertheless in addition to proper compensation therefor to return the ships after the war and replace such as might be lost by enemy action. The Dutch Minister had not been informed of Great Britain's intention to requisition if her proposal not accepted by 18th and expressed much apprehension that requisitioning of Dutch shipping in our waters would throw Holland into the arms of Germany and added that if requisitioning occurred Germany would never permit Dutch ships to leave Holland to lift grain and would allege that they prevented such leaving because United States would not observe their guarantee of return upon such ships.

In order to convince Holland that our guarantees of return will be scrupulously observed, we are releasing *Nieuw Amsterdam* and will arrange for her to carry rice or coffee or both constituting cargoes of *Samarinda* and *Adonis* and which Holland was to have obtained under *modus vivendi*.

Also in the belief that it might act as a shock absorber we today ordered the release of the Dutch ship *Oranje* bound for Dutch East Indies with passengers and Dutch officials on board. We have agreements on both ships to return after discharge.

Repeat to Stevens and Garrett.

POLK

File No. 656.119/215

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram—Extract]

THE HAGUE, March 13, 1918.

[Received March 14, 10.35 a. m.]

2138. The Minister of Foreign Affairs yesterday addressed a letter to the States-General accompanying a note, both of which are published today, on the subject of the negotiations with the Associated Governments concerning an economic arrangement. The letter says that since drawing up the note a report has reached the Minister

that the Associated Governments desire to withdraw their promise to agree with Dutch condition that Dutch vessels sailing for account of the Associated Governments would not be used in the danger zone. Note as follows:¹

As is explained above, it was for Dutch Government to make proposal upon the foregoing basis. The Government did not consider it advisable to proceed to this without first having consulted Germany. Firstly, because the limitation imposed upon exports on any supply of cattle food and fertilizers might make it impossible to obtain an economic arrangement with Germany for the supply of indispensable goods such as coal, etc. In the second place, because by closing the free channel in the North Sea, Germany might render impossible the carrying out of an agreement as intended above. The difficulties thrown in the way by Germany of the sailing of the *Nieuw Amsterdam* on her last trip had strengthened the Government in its opinion. The German Government, whose point of view regarding the ceding of neutral tonnage is given by the article in the *Norddeutsche Allgemeine Zeitung*, which was also published by the Dutch press, stated that it was not able to cooperate in increasing the tonnage in oversea countries as by doing so it was playing into the hands of its enemy. Therefore it had to object that Dutch tonnage still in Dutch ports should leave those ports. This attitude made it impossible for the Dutch Government to make any proposals to the Associated Governments. On dividing tonnage as explained above it has taken into account that the whole fleet would be in navigation. Moreover, it was not to be thought of that the Associated Governments would allow a ship to leave for Holland even with German guarantee of the free return if the Dutch fleet had to remain laid up and even with an Associated Government guarantee of uninterrupted return would not be able to sail. Negotiations with the German Government give good grounds for the expectation that it will be found prepared to revise its attitude so far that it will not oppose the sailing of a vessel lying in Holland provided this is exchange for a vessel lying on the other side of the ocean. If it is in the meantime taken into consideration that there is here 298,476 tons suitable for the transatlantic service apart from some passenger vessels which do not come into consideration for this service, which will undoubtedly have to serve for Dutch supplies, [then] it is clear that even with this revised attitude an arrangement would only be able to be reached which could not by any means be called satisfactory. Owing to the system of exchange the tonnage for Holland especially for supplies from the Indies, will be extremely limited. Germany stated that she had to object upon principle against any limitation of export which was obviously directed against that

¹ Narrative of negotiations omitted.

country and on the basis of such a limitation imposed would not be willing to enter into negotiations with regard to a new economic arrangement. The Government has found in this a reason to give notice that it would not make any proposal in this matter which contained a compulsory limitation of Dutch exports. The delay in the bringing about of an arrangement was a reason for the Government to make an endeavor to get the Associated Governments to furnish Holland with 100,000 tons of wheat before the settlement of a definite arrangement. The American Government itself has to encounter difficulties with regard to the production of grain and concerning some distribution and conveyance to the ports. Added to this it has, beside the question of her own needs, in the first place to take into account the needs of the Allies. Nevertheless it has in agreement with the Allies declared itself prepared to satisfy the Dutch Government's wish, provided we on our part acted as if the definite arrangement already existed. This would mean that the tonnage to be made available for the Entente according to the afore-said basis was now at their disposal. The Government is now investigating whether it is possible to take steps to proceed to such a transaction and hopes very soon to come to a decision.

GARRETT

File No. 656.119/261b

The Acting Secretary of State to the Ambassador in Great Britain
(Page)¹

[Telegram]

WASHINGTON, March 14, 1918, 3 p. m.

6881. For Sheldon [from War Trade Board]:

No. 200. We are apprehensive lest the Dutch reply to Great Britain's proposal be an acceptance in form but leave for subsequent adjustment many matters of detail which will necessitate prolonging negotiations and ultimately give Holland under German pressure an excuse for evading compliance at a time when our position in respect to requisitioning will be much less favorable than at present. We are particularly solicitous since the shipping situation is such that we deem it imperative that we should not continue to hold Dutch shipping in our ports inactive any longer than absolutely necessary. We therefore recommend that any Dutch reply be promptly rejected unless it is an acceptance so complete and without reservation, that we could with safety promptly send Dutch ships away from our waters on war service either within or without the danger zones.

Repeat to Garrett.

POLK

¹ See last sentence for instruction to repeat to Garrett, U. S. Minister in the Netherlands.

File No. 656.119/261a

*The Acting Secretary of State to the Ambassador in Great Britain
(Page)*

[Telegram]

WASHINGTON, March 14, 1918, 5 p. m.

6889. For Sheldon [from War Trade Board]:

No. 197. Referring our 195, March 12, in addition to other matters mentioned to Dutch Minister, McCormick also conveyed to him that even in case United States and Allies were obliged to requisition, Holland's trade with her colonies would be facilitated. This is very important to allay the fears of Holland as to her colonial trade.

Repeat to Stevens and Garrett.

POLK

File No. 656.119/219

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, March 15, 1918, 8 p. m.

[Received March 15, 6.20 p. m.]

9071. War Trade Board [from Sheldon]:

No. 290. Dutch negotiations. I suggest you see the Foreign Office telegram to Lord Reading sent March 14.¹ Following is text of a letter I have just written to Lord Robert Cecil; at the same time communicated to him the contents of your cables Nos. 194, 195, 197, and 200:²

I take it that at the moment of requisitioning, the Ministers of His Majesty's Government, the United States, France, and Italy will present either an *aide-mémoire* or a *note verbale* to the Dutch Minister for Foreign Affairs. I think it would be a good idea, if, even before the Dutch reply to outstanding proposal is received, a statement should be [presented] as to what the Allies were prepared to allow Holland to import in addition to the 100,000 tons of breadstuffs which forms part of the proposal, and in addition to the release of ships and cargoes mentioned in the cable from Washington No. 195 I understand the position of His Majesty's Government is that practically no concessions should be granted in the way of supplies to Holland unless the Netherlands Government announce its willingness to conclude the general terms of the proposed permanent agreement. It has been suggested that Dutch public opinion would be greatly placated, in case the boats are requisitioned, or even in case, on the threat of requisition, the Dutch Government agrees to allow boats in Allied ports to enter war zone, if the embargo could be lifted under quarter's rations as specified in the proposed agreement on the following commodities: gas, oil, lubricating oil, rosin, cocoa, tea, coffee, and tanning materials, or at least some of the foregoing. I submit the following for your considera-

¹ Not found.

² No. 194 not printed.

tion and am communicating with Washington in this sense suggesting that they cable simultaneously to the United States Minister at The Hague and to myself their views to the end that the four Ministers at The Hague, representing the four Governments, should have as full instructions from their Governments as is possible for composing the text of whatever joint notification is to be made to the Netherlands Foreign Office.

PAGE

File No. 656.119/224

The Ambassador in Great Britain (Page) to the Secretary of State
[Telegram]

LONDON, March 18, 1918, 11 a. m.

[Received 11.08 a. m.]

9088. War Trade Board [from Sheldon]:

No. 295. Referring my 290. As regards the suggestion that Dutch public opinion would be placated if embargo could be lifted on quarter's rations of few commodities, Cecil informs me that he considers this suggestion inadvisable believing that so long as the Dutch want to get something out of us they are not so likely to quarrel with us and if we should give them commodities which might tend even in a small measure to render them independent of us, they might be more abusive of the Allies than otherwise. He finishes his letter by stating that he rather regrets the generosity of the United States in promising straight away 100,000 tons of grain and says that he would feel reluctant to go beyond that.

PAGE

File No. 656.119/224a

The Secretary of State to the Minister in the Netherlands (Garrett)
[Telegram]

WASHINGTON, March 18, 1918, 1 p. m.

1031. Cable at once any action Dutch Government may take with reference to requisitioning boats. This Government is prepared to act this evening.

LANSING

File No. 656.119/227

The Ambassador in Great Britain (Page) to the Secretary of State
[Telegram]

LONDON, March 18, 1918, 10 a. m.

[Received 2.41 p. m.]

9087. War Trade Board [from Sheldon]:

No. 294. Following telegram was received yesterday by Foreign Office *en clair* from British Minister at The Hague, being part of a telegram sent by the Netherlands Foreign Office to the Netherlands Minister, London:

Owing to impending serious want of cereals in this country, Netherlands Government is forced to withdraw objections to part of the Dutch tonnage which is left at disposal of associated interests navigating also in danger zone. However it must be understood (1) that said ships will not transport either troops or war supplies; (2) that said ships will not be armed. Moreover it must be understood crews are entirely free to accept or decline navigating in said zone and in accordance with Lord Robert Cecil's communication to Van Vollenhoven we consider Associated Governments pledged to replace immediately after war all destroyed ships. The above on condition that Holland may count upon rationing and tonnage as proposed by us on basis of London and that, in advance on the 400,000 tons of wheat, 100,000 be placed at our disposal mid-April, viz., at least 50,000 in United States and the rest in South America, and that Dutch ships necessary for transport thereof shall be provided with bunkers.

British reply *en clair* to British Minister, The Hague, was as follows:

It is evident that the conditions proposing that the ships should not be used for troops or war supplies is quite unacceptable. Such a limitation would in practice make it almost impossible to use the ships at all. Further, the suggestion that the ships should not be armed is and can only be in the interest of our enemies. We are not favorably impressed by such a reply and unless we receive an unqualified acceptance of our proposals by tomorrow evening we can only regard it as a refusal.

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File No. 656.119/261c

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, March 19, 1918, 6 p. m.

6940. Most urgent. We have been prepared since yesterday to take over Dutch ships and cannot understand your failure to advise us either that we are free to take this action or that an agreement has been reached in accordance with ultimatum expiring on the 18th. We regard continued delay and uncertainty as very harmful and we desire to take final action at once. Please give immediate reply.

LANSING

File No. 656.119/219

*The Secretary of State to the Ambassador in Great Britain (Page)*¹

[Telegram]

WASHINGTON, March 19, 1918, 8 p. m.

6957. For Sheldon [from War Trade Board]:

No. 214. Embassy No. 9071, March 15, 8 p. m. Your No. 290. We have informed the Dutch of our intention in the event of requisitioning—

¹ See last sentence for instruction to repeat to Garrett, U. S. Minister in the Netherlands.

- (1) To restore equivalent tonnage as soon as possible after the war,
- (2) To insure to the owners adequate compensation for the use of their ships,
- (3) To facilitate Holland's securing from North America or South America 100,000 tons of bread cereals,
- (4) To bunker freely and not to detain Dutch ships sent to lift this cereal,
- (5) To facilitate Dutch colonial trade, and
- (6) To permit *Nieuw Amsterdam* to return and take cargo of rice and coffee.

In view of the matters which will still remain for negotiation after requisitioning, such as Belgian relief, etc., we regard it as most important that no further promises be made to Holland in connection with requisitioning and you will please avoid making or participating in any commitments other than as above set out.

Repeat to Garrett.

LANSING

File No. 656.119/234

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, March 20, 1918, 12 noon.

[Received March 20, 8.20 a. m.]

9130. War Trade Board [from Sheldon]:

No. 309. Cecil has just informed me that he cabled the British Embassy late last night saying that His Majesty's Government considered the Dutch had refused proposal which was to expire on the 18th, adding that they were prepared to requisition Dutch boats and asking when you were doing likewise, so that the action might be simultaneous. I take it, therefore, that you will be taking such steps immediately.

PAGE

Proclamation Authorizing the Taking Over of Dutch Ships, March 20—Explanatory Statement by the President—British Statement in Explanation of Parallel Action—Terms Regarding Use of the Ships

Proclamation No. 1436, March 20, 1918, with Regard to the Possession and Utilization of Vessels of the Netherlands

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS, the law and practice of nations accords to a belligerent power the right in time of military exigency and for purposes essential to the prosecution of war, to take over and utilize neutral vessels lying within its jurisdiction:

AND WHEREAS the Act of Congress of June 15, 1917, entitled, "An Act making appropriations to supply urgent deficiencies in appropriations for the Military and Naval Establishments on account of war expenses for the fiscal year ending June thirtieth, nineteen hundred and seventeen, and for other purposes," confers upon the President power to take over the possession of any vessel within the jurisdiction of the United States for use or operation by the United States:

NOW THEREFORE I, WOODROW WILSON, President of the United States of America, in accordance with international law and practice, and by virtue of the Act of Congress aforesaid, and as Commander-in-Chief of the Army and Navy of the United States, do hereby find and proclaim that the imperative military needs of the United States require the immediate utilization of vessels of Netherlands registry, now lying within the territorial waters of the United States; and I do therefore authorize and empower the Secretary of the Navy to take over on behalf of the United States the possession of and to employ all such vessels of Netherlands registry as may be necessary for essential purposes connected with the prosecution of the war against the Imperial German Government. The vessels shall be manned, equipped and operated by the Navy Department and the United States Shipping Board, as may be deemed expedient; and the United States Shipping Board shall make to the owners thereof full compensation, in accordance with the principles of international law.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused the seal of the United States to be affixed.

DONE in the District of Columbia, this twentieth day of March, in the year of our Lord one thousand nine hundred and eight-
[SEAL] een, and of the Independence of the United States of America the one hundred and forty-second.

WOODROW WILSON

By the President:

ROBERT LANSING

Secretary of State.

*Public Statement by President Wilson Regarding the Taking Over of
Dutch Ships by the United States*¹

For some months the United States and the Entente Allies have been conducting negotiations with the Dutch Government with the object of concluding a general commercial agreement.

¹ *The Official Bulletin*, Washington, Mar. 21, 1918 (vol. 2, No. 263), pp. 1-2.

A very clear statement of the character of these negotiations was made on March 12 to the Dutch Parliament by His Excellency the Minister of Foreign Affairs of Holland.¹ As appears from the statement, the discussion proceeded upon the basis of two fundamental propositions, namely, that the United States and the Allies should facilitate the importation into Holland of foodstuffs and other commodities required to maintain her economic life, and that Holland should restore her merchant marine to a normal condition of activity.

It was the task of the negotiators to develop a specific application of these propositions which would be acceptable to the governments concerned.

Early in January, 1918, the negotiators came to an understanding which was embodied in a tentative agreement, which was submitted to the governments concerned in order that if acceptable it might be ratified, or if unacceptable a counterproposal might be made.

The negotiations becoming prolonged, the Dutch delegates proposed, in order that their ships might sooner be put into remunerative service, that Dutch tonnage lying idle in American waters should, with certain exceptions, be immediately chartered to the United States for periods not exceeding 90 days.

This proposal was accepted by the United States Government, and on January 25, 1918, the Dutch Minister at Washington handed to the Secretary of State of the United States a note expressing the terms of the temporary chartering agreement and his Government's acceptance thereof. This agreement provided, among other things, that 150,000 tons of Dutch shipping should, at the discretion of the United States, be employed partly in the service of Belgian Relief and partly for Switzerland on safe conduct to Cette, France, and that for each ship sent to Holland in the service of Belgian Relief a corresponding vessel should leave Holland for the United States. Two Dutch ships in the United States ports with cargoes of foodstuffs were to proceed to Holland, similar tonnage being sent in exchange from Holland to the United States for charter as in the case of other Dutch ships lying in the United States ports.

The agreement was explicitly temporary in character and, being designed to meet an immediate situation, prompt performance was of the essence. The Dutch Government at once disclosed, however, that it was unwilling or unable to carry out this chartering agreement which it had itself proposed. The first desire of the United States was to secure at once shipping, as contemplated by the agreement, to transport to Switzerland foodstuffs much needed by the state. One difficulty after another was, however, raised to postpone the chartering of Dutch ships for Swiss relief, and, although the

¹ See telegram No. 2138, Mar. 13, from the Minister in the Netherlands, *ante*, p. 1410.

reason was never formally expressed, it was generally known that the Dutch shipowners feared lest their ships should be destroyed by German submarines, even though on an errand of mercy, and though not traversing any of the so-called "danger zones" proclaimed by the German Government. That this fear was not wholly unjustified has, unhappily, been shown by the recent act of the German Government in sinking the Spanish ship *Sardinero* outside the "danger zone" when carrying a cargo of grain for Switzerland, and after the submarine commander had ascertained this fact by an inspection of the ship's papers.

In respect to Belgian relief, the Dutch Government expressed its present inability to comply with the agreement on the ground that the German Government had given Holland to understand that it would forcibly prevent the departure from Holland of the corresponding ships, which under the agreement were to leave coincidentally for the United States. The Dutch Government even felt itself unable to secure the two cargoes of foodstuffs, which under the agreement it was permitted to secure, since here again the German Government intervened and threatened to destroy the equivalent Dutch tonnage which under the agreement was to leave Holland for the United States.

Nearly two months have elapsed since the making of the temporary chartering agreement, and the proposed general agreement has lain even longer without reply on the part of Holland. Meanwhile, German threats have grown more violent, with a view to preventing any permanent agreement and of forcing Holland to violate any temporary agreement.

On March 7, through Great Britain, a final proposal, expiring on the 18th, was submitted to Holland. A reply has been received which, while in itself unacceptable, might under other conditions have served as a basis for further negotiations. But the events to which I have alluded had served to demonstrate conclusively that we have been attempting to negotiate where the essential basis for an agreement, namely, the meeting of free wills, is absent. Even were an agreement concluded, there is lacking that power of independent action which alone can assure performance. I say this not in criticism of the Dutch Government. I profoundly sympathize with the difficulty of her position under the menace of a military power which has in every way demonstrated its disdain of neutral rights. But, since coercion does in fact exist, no alternative is left to us but to accomplish, through the exercise of our indisputable rights as a sovereign, that which is so reasonable that in other circumstances we could be confident of accomplishing it by agreement.

Steps are accordingly being taken to put into our service Dutch shipping lying within our territorial jurisdiction. This action on our part and the similar action which is being taken by governments associated with us leaves to Holland ample tonnage for her domestic and colonial needs. We have informed the Dutch Government that her colonial trade will be facilitated and that she may at once send ships from Holland to secure the bread cereals which her people require. These ships will be freely bunkered and will be immune from detention on our part. The liner *Nieuw Amsterdam*, which came within our jurisdiction under an agreement for her return, will of course, be permitted at once to return to Holland. Not only so, but she will be authorized to carry back with her the two cargoes of foodstuffs which Holland would have secured under the temporary chartering agreement had not Germany prevented. Ample compensation will be paid to the Dutch owners of the ships which will be put into our service, and suitable provision will be made to meet the possibility of ships being lost through enemy action.

It is our earnest desire to safeguard to the fullest extent the interests of Holland and of her nationals. By exercising in this crisis our admitted right to control all property within our territory, we do no wrong to Holland. The manner in which we proposed to exercise this right and our proposals made to Holland concurrently therewith can not, I believe, fail to evidence to Holland the sincerity of our friendship toward her.

WOODROW WILSON

File No. 656.119/299

The Commercial Adviser of the British Embassy (Crawford) to the Counselor for the Department of State (Polk)

WASHINGTON, March 21, 1918.

DEAR MR. POLK: With reference to our conversation of yesterday, I now enclose text of the communication which is to be addressed to the Netherlands Government in connection with the requisitioning of Dutch tonnage. I have sent a copy to Mr. McCormick.

Yours sincerely,

RICHARD CRAWFORD

[Enclosure]

*Communication to be made by the British Minister in the Netherlands (Townley) to the Netherland Minister of Foreign Affairs (Loudon)*¹

1. After full consideration, the Associated Governments have decided to requisition services of Dutch ships in their ports in exercise of right of angary. They would have preferred to obtain use of

¹Telegraphed on Mar. 21 to the British Minister in the Netherlands, who delivered it to the Netherland Government on Mar. 22.

ships by way of agreement with the Netherlands Government and, as Your Excellency knows, an arrangement for this purpose was made between representatives of the Netherlands Government and of the Associated Governments as long ago as beginning of last January.

2. Unfortunately the Netherlands Government for more than two months did not see their way to ratify that arrangement. They moreover had found it impossible to carry out in all its terms *modus vivendi* which had been arrived at pending a ratification of agreement, explaining that the German Government would not allow them to do so. It seemed therefore clear to the Associated Governments that proposals originally made were not adequate to present situation. Delay had altered circumstances. Condition that Dutch shipping was not to be used in danger zone was no longer acceptable in itself and might at any time have been made still less so by an extension of zone by our enemies. Further, fate of *modus vivendi* had shewn that in very difficult position in which Netherlands Government were placed execution of agreement would probably have been attended with difficulties and delays still more prejudicial to interest of Associated Governments.

3. The Associated Governments therefore proposed that limitation on use of Dutch shipping contemplated under the original scheme should be abandoned, and that in its altered form, agreement should come into force immediately. To this the Netherlands Government could not assent except upon terms which would have made it practically impossible for the Associated Governments to make any use of Dutch shipping. To say that shipping shall not be employed for carriage of war material is at this stage of war equivalent to saying that it shall not be used at all. For with regard to great majority of cargoes it is impossible to say that they are not required directly or indirectly for purposes of war.

4. For these reasons Associated Governments have felt compelled to fall back on their unquestionable right to employ any shipping found in their ports for necessities of war. But they are very anxious that exercise of this right should be as little burdensome to shipowners and as little obnoxious to Netherlands Government as it can be made.

5. Associated Governments hope that it may be possible to arrive at an agreement with owners as to rates of pay, values for insurance, etc., and on these points a further communication to the Netherlands Government will be sent very shortly. At the end of the war the ships will be returned to their owners who will of course be compensated for any losses caused amongst ships by enemy action. Associated Governments are willing further to offer owners, on conditions to be mutually agreed upon, an option to have any ship which

may be so lost in the danger zone as it exists at present, actually replaced by another ship within shortest possible period after the conclusion of peace. I need hardly assure Your Excellency that all facilities in power of Associated Governments will be given for repatriation of crews if desired and that all precautions will be taken to ensure that they be treated with every courtesy and consideration.

6. Further, the Associated Governments hereby give the Netherlands Government an undertaking that Dutch ships which may leave a Dutch port after the date of this communication shall not be brought into Allied services otherwise than in agreement with owners.

7. Associated Governments having been informed that unless the stocks of grain now in the Netherlands be replenished in time, Holland is threatened with a serious shortage during third quarter of this year, will at once place at her disposal 50,000 tons of wheat (or an equivalent quantity of flour) in a North American port and 50,000 tons in a South American port. It is hoped that the Netherlands Government will immediately send out such part of tonnage remaining in Holland as may be necessary to lift this grain. The Associated Governments guarantee that as far as it is in their power these ships shall enjoy immunity from delay and detention and receive every facility for bunkering.

8. The United States Government have already intimated that the steamship *Nieuw Amsterdam* at present in New York will not be utilised by them and will under the special arrangement covering it be allowed not only to return at once to Holland but to load a cargo of foodstuffs consisting of rice and coffee. This cargo will be composed of original cargoes of steamship *Samarinda* and steamship *Adonis* which would have been allowed to proceed to Holland if *modus vivendi* already referred to had come into force.

9. As regards further supplies of cereals, foodstuffs, raw materials and all other articles importation of which is provided for in proposals for general arrangement, Associated Governments are willing to give Dutch vessels now in Dutch ports every facility for their importation into Holland in accordance with provisions and terms of general agreement, if Netherlands Government are ready (as Associated Governments hope they are) to signify their acceptance of its terms generally.

10. Associated Governments believe that Dutch ships now in their ports do not fully correspond to tonnage to whose services they had hoped to become entitled under terms proposed of general arrangement and that vessels now in or on their way to Dutch ports will be found to exceed tonnage needed for imports of Netherlands and their colonies calculated on basis of original tonnage proposals provision-

ally agreed by Dutch delegates. If contrary to this expectation it should be proved to satisfaction of Associated Governments that this is not the case, latter will be ready to make up any deficiency of tonnage left at Holland's disposal on lines of various provisions of general arrangement covering use and distribution of Dutch tonnage, as soon as Netherlands Government shall have supplied Allied Governments with definite figures of tonnage now in or on the way to Dutch ports.

File No. 656.119/261f

The Secretary of State to the Minister in the Netherlands (Garrett)

[Telegram]

WASHINGTON, March 21, 1918.

1047. Reports from Holland have reached us indicating that misapprehension exists as to the character of action taken under the President's proclamation of March 20 relative to ships of Netherlands registry lying within our territorial jurisdiction. There appears to be fear that these ships are permanently lost to their owners and to the Dutch flag.

The United States has not taken title to any Dutch ships under the recent proclamation of the President but is merely taking over their temporary use. Liberal chartering rates will be paid and the ships returned at the termination of the present emergency and not later than the end of the war. The United States will assume all war and marine risks and in event of loss by enemy action in the "war zones" as defined on March 1, 1918, the owners will be given the option of receiving payment of the value of the vessel or having the vessel replaced as soon as possible after the termination of the war, in the meantime receiving interest on the value of the vessel lost. Dutch crews and officers will be maintained at the expense of the United States until suitable opportunity for repatriation occurs.

You may inform the Foreign Office of the foregoing and make such other utilization thereof as you see fit.

LANSING

File No. 656.119/261e

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, March 21, 1918, 8 p. m.

6984. [Shipping] Board's 14 for Stevens from Hurley:

Following are terms Board will make for Dutch vessels taken over under President's proclamation:

1. Employment will commence on March 20 at 6 p. m., and hire will be paid as of that date and hour. The vessels will be

returned to the owners at the port at which taken over or at some other port to be agreed upon in like good order and condition, ordinary wear and tear excepted, at the termination of the emergency, in no event later than the completion of the voyage on which a vessel may be engaged at the date of signature of the treaty of peace.

2. The vessels will be placed under the American flag and will be manned, victualled, and equipped by the United States Government. Resumption of the Dutch flag will be facilitated as soon as the employment ceases.

3. Compensation will be based upon American Chartering Committee rates prevailing in the trade in which the vessel is employed. For vessels employed in trades which include European and/or European Atlantic island ports the rate will be 35 shillings per deadweight ton or gross ton whichever may be the greater.

4. All extra equipment and alterations necessary to fit the vessel for war service will be at the cost of the United States, the cost of repairs, if any necessary to render the vessel seaworthy at the commencement of the employment, to be deducted from hire.

5. The United States will assume all war and marine risks and liabilities on a scale of values which will be communicated to the owners so soon as a basis equitable to vessels of the different types and ages involved can be arrived at. If a vessel is lost through enemy action in the war zone as defined March 1, 1918, the United States (at the option of the owner to be exercised within 30 days of the date on which the scale of values is communicated to him) will replace the vessel as soon as possible after the war paying interest in the meantime at 6 per cent on the value of the lost vessel.

6. All moneys payable as compensation or otherwise will be paid in United States currency based on exchange rate of \$4.75 per pound sterling.

7. The Dutch crews and officers will be maintained at the expense of the United States until suitable opportunity for repatriation occurs.

These terms concurred in here by Captain Fisher.¹ Please take up with British London authorities and ascertain whether agreeable to them. Understand British feel 35-shilling rates should be applicable to all trades. This would seriously upset South American rate situation and is opposed here. Unless strong objection by British, transmit terms to American Legation, The Hague, for informal communication to Dutch authorities with request that they be given publicity. Important Dutch should be informed of terms at earliest date possible.

LANSING

¹ Of the British War Mission.

File No. 656.119/309

*Article by William H. Taft, "The Seizure of the Dutch Ships," Distributed by the Division of Foreign Intelligence of the Department of State, March 22, 1918*¹

The question of the right of the United States to seize the Dutch ships now in our ports and pay full compensation for them is a nice one. It is asserted under what is called the right of angary. This literally means the right of transport. It was a right anciently exercised by a belligerent to seize vessels of neutrals for the transport of his troops and munitions. A general principle of international law is that neutral property in belligerent territory shares the same liability to seizure for war purposes as property of the citizens of the country. The justice of the application of the principle to ships temporarily, or to use Hall's phrase "passingly," in the port of a belligerent has been questioned. But the weight of authority among text writers seems to be that such vessels may be seized in cases of military necessity upon tender of full compensation. Moreover, ships which have been in our ports for six months or more, detained because of their purpose to carry cargoes of grain ultimately destined for our enemies, can hardly be said to be "passingly" here. They are doing no good to anyone now. Why should we not use them if we give full compensation to their owners?

It is an interesting circumstance that the most modern instance of the assertion of this right before this war was by Count Bismarck in the war of 1870. He asserted it against Great Britain, a neutral. The Prussians seized six British colliers in the Seine, near Rouen, a place within German military jurisdiction, for the purpose of scuttling them and obstructing the passage of French gunboats on the Seine. Bismarck defended the action as "one of necessity, which even in time of peace may render the employment [or] destruction of foreign property admissible under reservation of indemnification." He continued, "I take the opportunity of calling to mind that a similar right in time of war has become a peculiar institute of law, the *jus angariae*, which so high an authority as Sir Robert Phillimore defines thus: That a belligerent power demands and makes use of foreign ships, even such as are not in inland waters, but in ports and roadsteads within its jurisdiction, and even compels the crews to transport troops, ammunition and implements of warfare." England acquiesced in the legality of the seizure on payment of full compensation. This view, thus agreed upon, is sustained by Oppen-

¹ Published in the Philadelphia *Public Ledger*, Mar. 21. Concerning use made of article by consuls, see *post*, p. 1468.

heim, professor of international law at Cambridge, England; by Coleman Philipson, and indeed by most international jurists, including the Germans. Dana and Lawrence vigorously dissent. It is also declared to be the law in the United States naval war code.

An analogous right of [on?] land to seize neutral railway cars in case of absolute necessity is reluctantly recognized in the second Hague convention, if compensation is given. Prussia exercised the right in respect to Swiss railway cars in the war of 1870. On the same principle, Great Britain in 1914 seized four vessels of Turkey (then a neutral) building in English shipyards and paid for them. Perhaps a distinction might be made in that these vessels were not yet afloat.

Doctor Loudon, the Minister for Foreign Affairs of Holland, insists that whatever the right may be as to a small number of vessels, it does not exist as to a commercial marine of half a million tons *en bloc*. It is certainly true that the right has never been applied so extensively as now proposed. It is hard to see, however, why extent of the application of the principle should change the rule. The ships are within our jurisdiction and have been here for six months or more because they do not comply with our lawful regulations of our foreign trade. We did not induce their coming in such numbers. They are here. Our right to seize them rests on their being within our territory. This makes them just as liable as property of American citizens to seizure for war purposes, if our military need for them is great. Such need certainly exists in view of the critical condition of our transport and our imperative obligation to feed our soldiers and our allies abroad.

It will be well, of course, to secure the vessels by agreement with Holland. This we undoubtedly could do but for Germany's intervention and threat. Germany has no just right to complain of Holland for agreeing to the sale of vessels to us, when by the modern right of angary which Bismarck asserted we could properly enforce such a sale.

File No. 656.119/246

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, March 22, 1918.

[Received March 23, 9.54 a. m.]

2184. Dutch press summary. *Handelsblad*:

It is very wonderful and yet it is so; very many in the country will have learned with satisfaction that the Associated robbers of ships have taken over our commercial fleet and that President Wilson as champion of the rights of the peoples had led the way. In this

[the] question was no longer must we lose our mercantile vessels, but only shall we in appearance voluntarily give up the ships which are being taken from us against a doubtful requirement of an association which is not worthy of credit, in whose signatures we have not sufficient confidence, or shall we protest until the end and call it a wrong. Shall we charter upon a promise what we may not and are not willing to charter or shall we decline to give the appearance of good faith to an act of robbery in exchange for promises of doubtful value? The people have in no indistinct terms given to understand what their choice would be: a blunt and pertinent refusal. The Government has acted otherwise. It has thought that the great interests of the provision of food for the country might not be forgotten and it has tried to make the exchange, when giving up, at all events somewhat more advantageous and the bought promise somewhat less ambiguous; the Associated Governments have refused. We had to give our ships upon their conditions or the ships would be stolen from us. Good. With regard to this there is only a reason for rejoicing on the part of the people who did not desire that the ships should be given up on the conditions set by the Governments and who did not approve of it. The "ultimatum"—the Americans themselves considered their proposal thus—as an ultimatum has been refused. It is a pleasure for us that they conceive the answer of the Government as such. The Associated Governments are now perfectly free according as they will to do what they like as to sending grain or not.

The same paper says that the seizure of the Dutch ships announced today by newspaper bulletins aroused indignation and anger of the people which appears to prove that in spite of all that had gone before [it] was nevertheless unexpected. In parliamentary circles the impression was also very great. The paper learns that one of the leading members of the Chamber was going about with the idea of questioning the Government whether it would not now recall the Dutch Minister in Washington and give the American Minister here his passports. The matter will be discussed in the First Chamber and such a discussion may perhaps give much light.

Last evening some Delft students called at the American Legation about 9 o'clock and asked to see the Minister. They were informed that the Minister was not at home. Upon this they stood before the Legation singing patriotic songs and whistling, jeering, and hissing. After some minutes they went on their way singing songs which were not flattering to America and they threatened with scorn the English interned men whom they met. Before the Palace of the Queen they stopped and with uncovered heads sang patriotic songs. They went further on their way through the town singing. . . .

Nieuwe Rotterdamsche Courant considers that the solution of the difference is the best that could be had under the circumstances. Against organized [un]righteousness relying upon might a small

country like this, when it has practically to face half the world, cannot fight. Right at end of negotiations Associated Governments chose to come forward with requirements that ships should sail in danger zone. There then remained only one way with honor; namely, to refuse, by which the Associated Governments would then be compelled to play an open game and exhibit the absolutely arbitrary character of their crime and by which the full responsibility for the robbery would rest upon them and them alone. The Dutch proposal has now been taken as refusal. Apparently it was a question with the Associated Governments of all or nothing, they intending to procure everything for themselves. That they have persisted in their violence to the end has in the meantime proved to be great advantage to Holland, however, paradoxical as this may sound. Not only have the Associated Governments now taken away from themselves the last appearance of right with which they might have decorated their tyranny if they had entered into the Dutch proposal in taking possession of the Dutch commercial fleet, they have now pilloried themselves openly as militarists whose need knows no moral or legal prohibition. It is also now avoided that [Holland] is herself an accessory to an action that cannot bear the light of day. The paper terminates by saying that it has no inclination to qualify the action of the American Government which has not [*now?*] laid its hands upon another's goods. This will remain a blot upon the history of the United States which will not be able to be wiped out in decade.

GARRETT

File No. 656.119/245

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, March 22, 1918.

[Received March 23, 8.41 a. m.]

2186. Special edition Dutch newspapers report that Minister Foreign Affairs stated in First Chamber today that this morning report was received from Dutch Minister at Washington similar to one received from Minister in London this morning. Exact text of proclamation issued by President wasn't yet known to Minister. He designated Allies' decision as arbitrary and breach of law. Government went as far as it was in any way possible with its neutrality. It hasn't helped. Injustice has taken place. Loud protest of Government will undoubtedly find an echo everywhere. Statement made in Second Chamber needn't be reiterated here, said Minister. Government won't have to reproach itself with not having done its utmost if country has to bend under these afflictions. In Second Chamber

Chairman said that President of Cabinet had informed him that British Government hasn't accepted Government proposal and that commencement will be made with taking ships into use. Government at Washington has taken Dutch vessels into use. President of Cabinet, Mr. Cort van der Linden, says that his colleague at Foreign Office is unable to be present. In his place Prime Minister said that Government consulted vital interests of country. We have not before us an ultimatum, nor have we acted under any pressure from Germany. We haven't deviated from our neutrality but have acted under pressure of need in the confidence that Governments of Associated Powers would act otherwise. This is now passed. There are moments in a statesman's life in which he is desirous of giving expression to his feelings. Government and people are one; never before have we been so unanimous without distinction of class, party or religion. Speaker hopes his words will be heard across the frontiers when he utters flaming protest against injustice and disdain which have been shown us. Our independence and rights are more and dearer to us than our daily bread and we shall be true to this until we are brought to beggary. Chairman says that Chamber joined fully in this powerful protest and that Government can rest assured of support of Chamber and of whole Dutch people.

GARRETT

File No. 656,119/270

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram—Extract]

THE HAGUE, March 25, 1918, 6 p. m.

[Received March 26, 6.58 a. m.]

2201.

The President's clear statement is beginning to sink in and its effect is unerringly good. It is perfectly needless to say that any statement by him makes statements from other sources comparatively valueless. With this in mind, a leading news agency here, "Vazdias," which serves all Dutch papers, and German papers besides, has asked me to telegraph you some points that this agency considers not yet clear to the Dutch intelligence. Their desire is that, as they have no representative in America, indeed, as there is no accredited representative of the Dutch press there, and as therefore the American news they get does not come over to them straight, they may be allowed to use a form perhaps a little novel, [but] none the less practical, of putting the President's views before the Dutch public. There is a crisis here, and that is my reason for falling in with their suggestion and of even urging it upon your consideration. For the moment the Gov-

ernment's decision as to the official answer to our action in requisitioning Dutch ships seems to be held up while every Dutchman is breathlessly awaiting the outcome of the fight on the western front. It seems to be a favorable moment, therefore, to clear up our point of view, although it may seem to us that it should be perfectly clear already even to the Dutch mentality. The news agency above mentioned, puts it in this way: That the excitement, indignation and sorrow that have been felt here over our action, have been greatly alleviated by the President's statement, but that there are still some points not quite clearly understood in Holland. They believe that a further statement by the President on these points would produce a further revulsion in public opinion in our favor. I think it is quite possible and I therefore submit their points without editing for your consideration, and if that be favorable, I ask that you cable the statement to me for transmission to the news agency that is responsible for this suggestion. It would create a gratuitously awkward situation if their suggestion were followed out in any other way and might lose us their very valuable services for the future. The points are as follows:

1. What made the greatest impression here was, if we may call it so, the moral side of the question. People could not grasp that the President, on whose person the hopes of the whole democracy are put, could allow the execution of an act which is regarded here as arbitrary and which wounds the Dutch people in its national honor.

2. It is understood that it is attempted to justify the action by the angary. This right is considered here in opposition with the principles of the right of nations. The opinions of several famous writers on international law are quoted against it, while even its warmest advocates defend it only in case it is appealed to in the extremest necessity of war.

3. The President's statement that the Dutch ships were lying useless and unemployed in the harbors of the United States has been contradicted by the Dutch Minister for Foreign Affairs, who said that under the *modus vivendi* the greater part of those ships had already been chartered and were partly already sailing and that at the moment of requisitioning, all ships had been offered for charter.

4. Although the promise of 100,000 tons of corn being put at Holland's disposal has been received here with much satisfaction, some doubt reigns as to how this corn will get here. There are practically no ships on the other side of the ocean to transport it. On the other hand, it is feared that Germany will not allow Dutch ships to leave Dutch ports to fetch it, unless other Dutch ships return to Dutch ports. Some of the Dutch papers therefore propose that the Associated Governments give a guarantee that Dutch ships, transporting

corn from neutral, namely, Argentine ports to Holland, should not be forced to call at Allied ports, so that the right of angary could be executed on them. Another solution of this, which is a capital question for Holland, might be found in a shipping agreement being reached between both belligerent groups under which supplies to Holland might be arranged for somewhat as are those for the Belgian Relief. Would the Government of the United States be willing to consider such guarantee and such agreement?

5. Would the United States also be willing to facilitate the supply to Holland of other indispensable foodstuffs and goods?

6. Lord Robert Cecil stated that Dutch ships leaving Dutch ports after March 21, would not be put into service of the Allies except by agreement. Some Dutch papers assert that the Dutch shipowners would not venture to let their ships sail without very real guarantees that such ships will not be again required by the Allies. Could the President make a more definite statement on this matter?

7. With regard to the statement that the Associated Governments are prepared to allow Dutch shipowners, under mutually agreed-upon conditions, the right of option of replacing each ship lost by another within the shortest possible time after the conclusion of peace. Some fear has been expressed that if Dutch shipowners prefer such replacement to money payment, the replacement will not take place without conditions. As it is one of Holland's most vital interests that it shall have its commercial fleet at its disposal after the war, a plain statement regarding this replacement would be greeted here with much joy.

8. The attitude assumed by the United States disappointed wide circles here. They noted with great satisfaction that the President's feeling of friendship for the Dutch Nation had not altered. It is, however, difficult for them to understand how the President's feelings can be made to accord with the present action of the Government.

GARRETT

File No. 656.119/261

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, March 27, 1918, 6 p. m.

[Received March 27, 11.17 a. m.]

9240. War Trade Board [from Sheldon]:

No. 347. Foreign Office inquire reason for the release of Dutch steamers *Borneo* and *Cornelis* and reinstatement of crews after their having been taken over by the United States Government.

PAGE

Executive Order No. 2825-A, March 28, 1918, Authorizing the Secretary of the Navy to Take Possession of Equipment, etc., Aboard Vessels of Netherlands Registry within Territorial Jurisdiction of the United States

In Pursuance of the authority conferred upon the President of the United States by the Act approved June 15, 1917, entitled, "An Act making appropriations to supply urgent deficiencies for the fiscal year ending June 30, 1917, and for other purposes," the Secretary of the Navy is hereby authorized and directed to take over, on behalf of the United States, possession of all tackle, apparel, furniture and equipment and all stores, including bunker fuel, aboard each of the vessels of Netherlands registry now lying within the territorial jurisdiction of the United States, possession of which was taken in accordance with the proclamation of the President of the United States promulgated March 20, 1918; and in every instance in which such possession has heretofore been taken of such tackle, apparel, furniture, equipment and stores, such taking is hereby adopted and made of the same force and effect as if it has been made subsequent to the signing of this Executive Order.

The United States Shipping Board shall make to the owners of any tackle, apparel, furniture, equipment and stores taken under the authority of this order full compensation in accordance with the principles of international law.

WOODROW WILSON

THE WHITE HOUSE,
March 28, 1918.

File No. 656.119/270a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, March 28, 1918, 7 p. m.

7062. For Sheldon [from War Trade Board]:

No. 256. The manner in which Dutch shipping matters have been handled compels us to caution you seriously against permitting the Government of Great Britain to speak for the Government of the United States or to commit it to a course of action involving grave possibilities without previous reference to Washington.

Our unnumbered telegram of February 27, 7 [9] p. m., Department No. 6209 [6709],¹ stated that we thought requisitioning should be seriously considered but did not state that Government of United States was definitely prepared to take this step. Yet on basis of this telegram and without previous reference to us Lord Cecil with your concurrence submitted to Holland an ultimatum and gave to

¹ *Ante*, p. 1397.

understand that unless it were accepted Dutch tonnage everywhere would be requisitioned. See your 225, Embassy 8894, March 4, 11 p. m.¹ Subsequently and still without reference to Washington, British Government submitted a second and more drastic ultimatum which in fact if not in form purported to speak for United States. We might have desired to handle the matter differently but had no opportunity to express a choice.

On March 22 British Embassy showed us text of note to be presented by British Government to Dutch Government.² This note purported to speak for "Associated Governments" yet it contained several assurances which we were not prepared to give as clearly shown by our No. 214, March 19, Department No. 6957.³ We at once stated our objections to Embassy which expressed doubt as to whether they would have time to present our views before delivery of note, and in fact we have since learned that note was presented in original form and without reference to the strong dissent which we voiced to the British Embassy.

We do not intend by foregoing to indicate that we did not approve of requisitioning. We heartily favored this action. Our criticism is directed to the procedure adopted. Under other circumstances we could disavow statements by a foreign government which purported without authority to commit us to what we do not approve. Under present circumstances, however, we are very reluctant to evidence lack of harmony, and it is exceedingly disturbing to feel that in matters of gravity this Government may be committed without previous consultation.

Please inform us whether the note to Netherlands Government above referred to speaking for Associated Governments was submitted to you or Embassy for approval and if so whether such approval was granted.

LANSING

File No. 656.119/261

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, March 29, 1918, 6 p. m.

7073. For Sheldon [from War Trade Board]:

No. 260. Your 347, Embassy's 9240, March 27, 6 p. m. *Borneo* and *Cornelis* were requisitioned without due consideration having been given to their being in Panama Canal. We thought it wiser to release them later.

LANSING

¹ *Ante*, p. 1401.

² See note of Mar. 21 from the Commercial Adviser of the British Embassy, *ante*, p. 1420.

³ *Ante*, p. 1415.

File No. 656.119/270

The Secretary of State to the Minister in the Netherlands (Garrett)

[Telegram]

WASHINGTON, March 29, 1918, 6 p. m.

1070. Your No. 2201, March 25, 6 p. m. . . .

With reference to desire of "Vazdias" to secure further statement by President, it is not believed that President will make any further statement at this time. You are, however, authorized to present officially or unofficially to "Vazdias" or otherwise as you see fit, the views of this Government upon the various points raised by this news agency as set out in your telegram. Our comment on these points follows; these comments and statements of fact are, however, merely for your guidance and we desire you to exercise your judgment freely in utilizing, developing, or omitting reference to the points we suggest, according to the local situation.

Points 1 and 2. The law of angary is but one expression of the fundamental right of a sovereign to control all private property within his jurisdiction, except as the status of extraterritoriality has been accorded. No independent and sovereign nation has ever conceded that private property within its jurisdiction could not be subjected to its will upon properly compensating the owner. The exercise of right is admittedly arbitrary and often distressing in its results and it is for this very reason that it is in practice exercised only in cases of emergency. Surely present events, which were, of course, foreseen at the time of requisitioning, demonstrate the existence of such an emergency so clearly that reference thereto is perhaps unnecessary.

Granting the existence of an emergency and the legal right of the United States to put into its use for the period of the emergency private property within its jurisdiction, the question still remains as to whether this right was exercised with the greatest possible consideration for the Dutch Government and people. In considering this it should be borne in mind that this utilization of Dutch ships by the United States might have been made at any time within the past year, during all of which period its urgent requirements for shipping have far exceeded the available supply. The United States was not, however, willing to take this action unless the emergency could be met in no other way. It waited until it should be demonstrated conclusively either that the Dutch were absolutely unwilling to put their ships into a normal state of activity, or that Germany exercised over Holland such pressure that Holland could not even if willing utilize its shipping in a customary and normal way.

Patiently and through many months the United States conducted negotiations with the Dutch Government. After negotiations at

Washington had proved fruitless, the United States did not give up hope but transferred negotiations to London in hopes that with new negotiators and a new atmosphere a different conclusion might be reached. It was with pleasure therefore that the United States received and accepted the proposal of the Dutch delegates in the early part of January, that their ships should be put into active service as set out in the *modus vivendi*. When, however, the Netherlands Government appeared unable to carry out in many essential respects this agreement, which it had itself proposed, and also by silence during two months indicated that it did not feel that it could ratify the general agreement which was acceptable to its commissioners, then and then only did the United States, unable to permit emergency conditions to be further prolonged and accentuated, determine upon a step which it would have been warranted in taking many months before had it been moved purely by legal considerations. And in taking this step of temporarily utilizing Dutch ships within its territory it not only promised to the Dutch owners that compensation to which in law they were entitled but went far beyond and voluntarily offered to Holland foodstuffs and bunkering facilities which are most valuable for the Netherlands to receive and very onerous for us to offer in view of our own national requirements and those of the Associated Governments.

We doubt the advisability of encouraging discussion of law of angary or legal and moral aspects of action, our impression being that the statements already made sufficiently deal with these aspects of case, but we leave decision to you.

Point 3. The President did not state that Dutch vessels were lying idle in American waters at the date of the requisitioning. They had been so lying until after the execution of the *modus vivendi*. It is recognized that in making the *modus vivendi* the Netherlands Government made a sincere and partially successful effort to resume her shipping activities. It was only when this effort had failed under German coercion in certain of its most important phases that the utilizing of Dutch ships without their owners' consent was determined upon.

Point 4. The Government of the United States is, of course, not in a position to judge whether Germany will prevent Dutch ships from sailing from Holland to lift foodstuffs required by the Dutch people. If the Netherlands Government desires to lift these supplies solely from neutral ports, this is in all respects satisfactory to the United States. The United States furthermore will be happy to become a party to an arrangement for assuring supplies to Holland somewhat in the manner provided for Belgian relief.

Point 5. The United States is prepared at any time to discuss the facilitating of supplying to Holland foodstuffs and goods other than the 100,000 tons of cereals already offered by the Associated Governments. Due consideration must be given to the needs of the United States and Associated Governments for such supplies and the necessity that such supplies do not find their way to the enemy. It is believed, however, that an arrangement similar to that set out in the proposed general agreement can be arrived at.

Point 6. It is not understood why doubt should exist as to the adequacy of the promise given in the name of the Associated Governments that Dutch vessels sailing from Dutch ports subsequent to March 21 will not except by agreement be put in the service of the Associated Governments. The sailing of the *Nieuw Amsterdam* should be convincing evidence of the good faith of the United States. The Government of the United States has further formally assured the Netherlands Minister at Washington that the steamers *Poeldyk* and *Maasdyk* might be relieved of their present obligation to lift supplies for Belgian Relief and in lieu thereof take foodstuffs to Holland, and that these vessels would not be detained while engaged in this service. Similar assurances have been given respecting the *Prinses Juliana* now *en route* to San Francisco. The United States is prepared to give similar specific guarantees covering other vessels now in Dutch ports.

Point 7. The intention to replace ships lost by enemy action in war zone as defined March 1, if owner so elects, has already been expressed and may be reiterated as clearly and firmly as you see fit. It is desire of United States that at termination of present emergency Holland shall be again in possession of her commercial fleet. It was for this very reason United States gave the option above referred to covering cases of loss and did not assume to take permanent title to any Dutch ships, but only the temporary use thereof.

Point 8. The gratuitous action of the United States in doing much more than compensating the shipowners should evidence the friendship of the United States to Holland.

If you think wise you might further hint that it is an act of friendship to Holland in view of Germany's attitude, to put Dutch ships into service through the exercise of our own rights rather than to wait until the extremities of the Dutch food situation compel the Government to make an arrangement which would subject Holland to the brunt of Germany's anger. This point had indeed been much in our minds and has influenced our action, but it is, of course, doubtful whether it can be suggested by us without giving Germany a basis for claiming that the action taken was collusive.

LANSING

Declarations and Protests of the Netherland Government, March 30 and 31—Incidental Undertakings regarding Disposal of the Ships' Cargoes and Other Points—Proposals for Immediate Grain Shipments to the Netherlands—American Replies, April 12, to Protests of the Netherland Government—British Reply, April 25

File No. 656.119/281

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, March 30, 1918.

[Received March 31, 6.16 a. m.]

2228. The Minister of Foreign Affairs sends me a statement which he writes will appear this evening in the *Staats Courant*. Translated it reads as follows:

DECLARATION OF THE DUTCH GOVERNMENT WITH REFERENCE TO THE
PROCLAMATION AND STATEMENT ANNEXED OF THE PRESIDENT OF THE
UNITED STATES, DATED MARCH 20, THIS YEAR

The Dutch Government and the whole Dutch people have taken note with painful surprise of the proclamation and statement of the President of the United States of March 20, relative to the seizure of part of the Dutch mercantile marine. The seizure *en masse* of a neutral mercantile fleet, although merely for the duration of the war, is an act which is indefensible from the point of view of international law and apart from legal considerations is unjustifiable when taken against a friendly nation. Furthermore the manner in which the act of violence is defended in the President's statement does not contribute to making it any the less grievous, for the defense has clearly been set up under the influence of an entirely wrong conception of the facts.

The manner in which the Dutch mercantile fleet has been treated for months past in the United States, the interminable difficulties placed in the way of our vessels' departure from American ports, the continually repeated refusal of bunker coal, the enforced unloading of cargoes already purchased; all of this may not be in conflict with the rights of the United States with the exception of one case, that of the *Zeelandia*, which entered an American port with her own bunker coal and has been detained there illegally ever since, but it was nevertheless in conflict with the traditional friendship between the two countries. This, however, is merely said in passing. On this point, however, the statement is silent. According to the Presidential statement, Holland is said not to have fulfilled entirely, because of German pressure, the provisional agreement which has been proposed in order that, pending a definite agreement relative to tonnage and the rationing of our country, our vessels lying in American ports should no longer lie there idle but be given an opportunity of making a voyage of 90 days at the most. This is absolutely incorrect, as [is] the assertion that Germany is said to have threatened to sink the two vessels which were to leave here in return for the two vessels leaving for Holland with America's approval and that Germany made more and more serious threats in order to prevent compliance

with the *modus vivendi* as well as the conclusion of a permanent agreement.

The true state of affairs is as follows:

After the War Trade Board had urged that the Dutch vessels in American ports should make a voyage pending the definite agreement the Dutch Government proposed that some of these ships should travel in the service of the Commission for Relief in Belgium, that work of relief which the Netherlands has always promoted with all energy for the sake of the suffering population of Belgium and northern France. When the report came that Germany raised difficulties against America's demand that each time a Dutch ship should leave here in exchange for the departure of a relief ship from America, the Netherlands Government was of the opinion that it was bound in good faith immediately to warn the American authorities in order that the said ships which were on their way to Argentina would be able to make for some other destination which had the direct result that these ships were kept in the service in exact agreement with the provisional arrangement. And concerning the sailing of a part of the ships to the French harbor of Cette, a Swiss interest which finds great favor in Holland, the shipowners entirely agreed as soon as France had guaranteed that the ships would not be detained in Cette. Also, for this service various vessels had been chartered. The chartering and sailing of all the ships experienced no serious delay on account of the said objections while, for the rest, Germany had no influence whatsoever, nor did it attempt to gain any influence in the carrying out of the provisional arrangement which, moreover, for the rest only concerned the shipping between overseas countries; what really did prevent the carrying out of the provisional agreement was the extremely slow, and sometimes absolute absence of, overseas telegrams to and from the owners. The cause of this is still enveloped in mystery.

It is a fact that the greater part of the ships had been chartered under the provisional arrangement through the intervention of the so-called War Trade Board and a part was already sailing to South America but was again detained while *en route* by the American authorities while in the Pacific Ocean; the vessels between the west coast of the United States and the Netherlands Indies continued to sail regularly without any direct or indirect interference on the part of the Dutch Government. The vessels now taken in British ports both in and outside of Europe and in the Portuguese port of Saint Vincent were prevented from sailing by the British and Portuguese authorities themselves.

The assertion that Holland was powerless under German compulsion to fulfill the provisional agreement is as appears from the foregoing contrary to the facts. The inaccurate information furnished the President of the United States appears unerring on a point of still greater importance; namely, where mention is made in the statement of the new requirement that the Dutch ships would have to sail through the danger zone and of the seizure following upon Holland's reply. After the inaccurate assertion that Holland was not able to fulfill the provisional arrangement, the statement says without further ado that on March 7 last, Great Britain made a final proposal to Holland to which Holland replied with a counter-

proposal that was not acceptable. Really, so the statement continues, even if it had come to the effecting of an agreement, the Dutch Government would practically not have been able to carry this out, therefore seizure was decided upon. In this explanation is missing, however strange this may be, an extremely important link that is indispensable in order to put the matter in its true light. What did really take place? On February 22 last, with a view to the threatened need of food here in this country by the summer, the Dutch Government asked the American Government for an advance of 100,000 tons of wheat on the quantity of 400,000 tons to be definitely fixed.¹ On March 6 the Associated Governments replied, it is true, affirmatively with regard to the 100,000 tons, although regarding the 400,000 tons no definite answer was given; but to this apparent accommodation the objectionable condition was added that the Associated Governments should immediately obtain the disposal of the whole of that part of the Dutch mercantile marine which according to the London draft agreement would eventually come to them on the conclusion of a definite arrangement. The Dutch Government, being compelled to do so, intended to agree to this as soon as it could obtain the assurance that not only could it firmly rely upon the 100,000 tons advance but also on the full 400,000 of grain as an accepted basis for the definite arrangement. It was able to entertain this stipulation because it was definitely and expressly fixed at the conversations in London and also since then that the Dutch vessels would only sail outside of the danger zone and thus need not in any case perform war services for one of the contending parties which would not be compatible with neutrality.

Suddenly on March 7 last, the London arrangement mentioned was broken when the agreement was withdrawn, which had been come to on the cardinal point, namely, that the ships about 500,000 tons to be given up in exchange for the advance of 100,000 tons of wheat should not be used in the danger zone. The particularly objectionable character of this lay in the fact that allowing the use of Dutch vessels in the danger zone would lead to a breach of neutrality, not on account of the zone itself—this has nothing whatever to do with neutrality—but because it was clear that sailing through the zone, situated as it is around the Associated countries of Europe, would mean at all events for a considerable part the transport of troops and munitions of war from America to her allies in Europe; while moreover the Dutch vessels, if they were armed, would run the chance of coming into armed conflict with German war vessels.

Holland as neutral country could not allow that her ships should be used in the danger zone unless the Associated Governments were able to guarantee that they would not be armed and would not carry troops or war material. On the ground of the foregoing the argument used in the presidential statement according to which seizure was necessary, because Holland was not able to fulfill the obligation entered into, cannot be maintained. It is contrary to the actual facts of the case. The only correct presentation is this: The powers interested felt themselves compelled, owing to the loss of ships, to supple-

¹ Request apparently made orally; see memorandum of conversation, Feb. 25, also memorandum from the Netherland Minister, Mar. 8, *ante*, pp. 1395 and 1404. respectively.

ment their tonnage by obtaining the use of a very considerable number of ships which did not belong to them but to Holland. It appeared to them that the Dutch Government was not able to grant permission to its ships to sail for Associated interests otherwise than upon conditions dictated by neutrality, but in the opinion of the interested Governments not sufficiently in accord with their interest; hence, they decided to proceed to the seizure of the Dutch mercantile marine inasmuch as this was within their power.

The Dutch Government considers itself obliged, especially in such serious circumstances as the present, to speak with great frankness; it is giving expression to the feeling of the whole of the Dutch people when it says that it sees in the seizure committed an act of violence against which it protests with all the force of its conviction and its injured national feeling. The statement in the President's declaration saying that this action offers Holland in a great measure the opportunity of providing itself with bread cereals is only apparently the case. After the experience obtained with regard to Dutch vessels in British and American ports it would really be unwarrantable to allow other ships to sail to these ports without a proper guarantee that this experience would not be repeated.

The American Government has always appealed to right and justice. It has always set itself up as the protector of small nations. That it now cooperates in a deed in diametrical opposition to these principles is a manner of acting which cannot be balanced by any expression of friendship or assurances of any mild application of the wrong committed.

Statement is dated today and signed by the Premier and the Minister for Foreign Affairs.

GARRETT

File No. 656.119/487½

*The Netherland Minister of Foreign Affairs (Loudon) to the British Minister in the Netherlands (Townley)*¹

[THE HAGUE, March 30, 1918.]

In your note of 22d March Your Excellency was good enough to inform me that the Associated Governments, in virtue of the so-called "right of angary," have decided to requisition the services of Dutch vessels lying in their ports. Your Excellency added that this measure is due to delay on the part of the Queen's Government in "ratification" of the arrangement elaborated in respect of tonnage and to the impossibility of putting into execution the *modus vivendi* or provisional arrangement concluded pending ratification of the definite arrangement above mentioned in consequence of the attitude of Germany towards this arrangement. According to Your Excel-

¹Text as given in the British print [Cd. 9025, Miscellaneous No. 11 (1918)] enclosed in despatch No. 8988 from the Ambassador in Great Britain, May 8, received May 24. An incomplete text as received by telegraph was sent to the War Trade Board by the British Embassy, Apr. 13 (War Trade Board files: Holland Negotiations, vol. III).

lency's Government, delay would have modified the circumstances, the condition that Dutch tonnage would not be employed in danger zone was no longer acceptable, and the putting into execution of the definite arrangement would only have succeeded after difficulties and delays still more harmful to the interests of the Associated Governments.

In the first place, I must remark that the Queen's Government, as Your Excellency knows, in no way agree to the interpretation now given to the right of angary, an ancient rule unearthed for the occasion and adapted to entirely new conditions in order to excuse seizure *en masse* by a belligerent of the merchant fleet of a neutral country. This measure, which only rests on force, is unjustifiable, whether one is pleased to give it the name of "requisitioning of services" or any other label destined to conceal its arbitrary character, and if its application be limited or not to the duration of the war or mitigated in its details so as to make it more supportable. The so-called right of angary is the right of a belligerent to appropriate as an exception a neutral ship for a strategical end of immediate necessity, as, for example, to close the entrance of a seaport so as to hinder the attack of an enemy fleet. Application of this right to a fleet *en masse* is an interpretation entirely arbitrary and incidental (*d'occasion*).

It is further my duty to observe to Your Excellency that the recital of facts contained in your note is far from being exact.

The "Basis of Agreement" drawn up in London was not an arrangement properly speaking which only had to be ratified. During the negotiations in London it had been expressly agreed that it was only a question of the basis on which the Netherlands Government would make proposals. I specially raised this question in the note which I addressed to the States-General on 11th [12th?] March last ¹ and the exactitude of which the President of the United States has in every respect confirmed in the declaration made in connection with the proclamation of 20th March.

Definite proposals could only have been made by the Netherlands Government on the 17th March. The first resistance of the German Government had certainly contributed to delay, but the British Government suppress certain points of the highest importance in their narration of the facts. I will permit myself therefore to bring the following to your recollection:—

The object of the *modus vivendi* was to give Dutch ships in America an opportunity to sail, and this for the Associated Governments' interests, pending conclusion of a definite arrangement. It is true that hire of vessels was slower than had been hoped, a fact in a great

¹ See telegram No. 2138, Mar. 13, from the Minister in the Netherlands, *ante*, p. 1410.

measure attributable to the circumstance that for a reason still unknown telegrams exchanged between shipowners and their agents in the United States either did not pass or only passed with great delay; it is true also that some ships reserved on the express demand of the Netherlands Government for the Belgian Relief Commission were unable to be used for this end, because Germany did not consent to the departure of Dutch ships to be sent from Holland in exchange for those leaving the United States; this could not, however, have caused real delay seeing that the United States Government was immediately notified by the Netherlands Government of this *contre-temps* in order to be able to give the ships reserved for the Belgian Relief Commission another destination. Likewise there was no delay in duly freeing the few ships reserved for provisioning of Switzerland and to be sent to the port of Certe as soon as the French had guaranteed their immunity. Except in the case of the ships of the C.R.B. Germany did not interfere in anything as regards the execution of the *modus vivendi*, which, moreover, only had bearing, for the rest, on navigation between overseas countries.

Almost all the ships in question were duly freed, and many of them had already sailed, when, on the 22d February last, the Netherlands Government, taking note of the want of wheat threatening the country towards the beginning of next summer, asked the Associated Governments, and in particular America, to make them an advance of 100,000 tons of wheat on the total included in the basis of the agreement of London. On the 6th March the Associated Governments acceded to this request, but on onerous conditions, obtaining in exchange for this generosity immediate disposal of Dutch tonnage, which, according to the above-mentioned basis of the agreement of London, could eventually be employed in the service of Allied interests. The Netherlands Government were not prevented by their neutrality from accepting this agreement, since neutrality could only be called into question if Dutch ships were employed for the service of military revictualling between America and the Allied countries of Europe. But from the day after, namely the 7th March, the proposal of the Associated Governments suddenly took on quite a new aspect; they insisted more especially, and that in flagrant contradiction to what had been expressly laid down since the discussions in London, that Dutch ships should be used also in the danger zone; in other words, for transport of every description between America and England, France, or Italy. This new condition was unacceptable from the point of view of neutrality unless it were guaranteed that the ships would not be employed for transport either of troops or of war supplies and that they were not armed. The British and United States Governments and their

allies, not finding themselves able to acquiesce in these restrictions on the free use they wished to be able to make of ships which did not belong to them, nothing appeared more simple to them than to proceed to the seizure of all Dutch ships on which they could lay their hands, declaring that it was a question of exercising an indisputable right. Your Excellency has watched the resentment and indignation which this measure of violence applied to the merchant fleet has produced in the whole country and amongst all classes of the population. The Queen's Government have not concealed to what extent they share these feelings. No expression of good-will in application of this measure, such as the intention to replace the ships destroyed, repatriate crews, etc., could repair the fact that it has been taken in defiance of the right and of the respect due to the sovereignty of states. It only remains for me to beg Your Excellency to be good enough to transmit to His Majesty's Government, and through their intermediary to the Governments of which they are the mouthpiece, the most energetic protest of the Queen's Government against the seizure of which the Dutch merchant fleet is the victim.

The Netherlands Government reserve all their rights to complete repair for injury resulting from this act.

Your Excellency informs me that the Associated Governments engage not to take into their service without the consent of the owners Dutch ships leaving a Dutch port from 20th March.

To provide for the wants of a country threatened with famine, the Associated Governments declare themselves ready to place 100,000 tons of wheat or of flour at the disposal of the Netherlands. They hope that the Government will not be slow in sending to fetch this grain in Dutch ships, for which they then guarantee as far as they can all necessary facilities. Your Excellency will please note that in the actual circumstances it is impossible for the Netherlands Government to consent to a further despatch of ships, giving the innumerable difficulties they have experienced in the past, and the different pretexts under which their ships, after having put into overseas ports in good faith, have been detained there indefinitely, often for reasons not connected with the ship or its cargo, the whole culminating in this last measure of seizure, which has so deeply wounded the national dignity.

I recall in this connection the case of ships now in the United States, and which once there were unable to obtain "letters of assurance"—a new regulation which did not exist at the moment they entered into port; or, again, the case of ships which were detained in Halifax solely in order to force the Netherlands Government to stop the transit of metals on their territory, the legality of

which transit the British Government contested; again, the case of ships held at present at Gibraltar, at Freetown, and at Halifax, and which had complied with all formalities required; again, those of our ships at Singapore, which felt themselves to be quite unassailable, thanks to the cordial relations existing for so long between the Dutch East Indies and the Straits Settlements, thanks also to the stipulations of the "Rice Agreement" of recent date; finally, the case of Dutch ships now detained in United Kingdom ports, to which they sailed in execution of the clauses of the agricultural agreement or for service of the Belgian Relief Commission.

What guarantee would the Netherlands Government have that the ships, which they would now send to overseas ports, would not be for some reason or other first detained, and then, owing to the necessities of war, seized like the others?

Negotiations for an economic arrangement having been abruptly terminated by the action of the Associated Governments, it is for them to declare what are their intentions now that they have made impossible a partition of tonnage such as had been provided for in the agreement which the Netherlands Government had declared themselves ready to conclude on the 17th March last. As to the "rationing," for example, it goes without saying that it is for the country which produces the commodities and other goods destined for the Netherlands, to decide whether they will deliver them or not, apart from the question of possibility of transport.

In conclusion, as regards the enquiry of the Associated Governments as to the amount of tonnage now in or on the way to Dutch ports, the Queen's Government consider in the new circumstances any exchange of views in this respect would be useless.

[J. LOUDON]

File No. 656.119/352

The Netherland Minister (Philips) to the Secretary of State

[Translation]

WASHINGTON, April 1, 1918.

MR. SECRETARY OF STATE: By order of the Queen's Government, I have the honor to transmit herewith to Your Excellency a note dated at The Hague, March 31, 1918, relative to the seizure of a number of Netherland vessels in the ports of the United States.

I may add that the Minister of Foreign Affairs at The Hague returned a more detailed answer in his note of yesterday to the British Minister at The Hague who on March 22 addressed to him a note in the name of the Associated Governments informing him of their decision to proceed with the seizure.

I take this opportunity [etc.]

AUG. PHILIPS

[Enclosure—Translation]

*Memorandum of the Netherland Ministry of Foreign Affairs to the
Department of State*

The proclamation of the President of the United States of the 20th instant orders the seizure of all Netherland merchant vessels lying in the ports of the United States.

A large number of those vessels, notably those laden with wheat intended for the people of the Netherlands, had been detained in American ports by the act of the American authorities themselves; prevented by the said authorities from making their voyage to the Netherlands, they had been chartered for navigation between the United States and South America. Others regularly called at American ports in consequence of their being employed on direct lines maintaining communications between the United States and the Netherland colonies in Asia and America.

Seizure under those conditions is inconsistent with the traditional friendship between America and the Netherlands and with the good faith in which relations between states should stand. Furthermore the seizure is in contravention of international law which does not confer upon a sovereign state the right to appropriate to its own use, even temporarily, merchant vessels lying in its ports and flying the flag of a state with which it is at peace. The so-called right of angary, which is furthermore seriously questioned at the present time, empowered a belligerent to take such action in cases where a military operation demanded the immediate employment of neutral merchant vessels lying in the belligerent's ports. But that right could not, in reason, be extended to cases of another nature, notably that in which a belligerent in want of tonnage desires to secure it through the wholesale seizure of merchant vessels that do not belong to him.

The Netherland Government in its declaration published in the *Official Gazette* of March 30 showed the extent to which the statement of facts contained in the declaration annexed to the President's proclamation of March 20 rests on inaccurate and incomplete information leading to the false conclusion that the seizure of the Netherland vessels was the necessary consequence of the temporization of the Netherland Government under the influence of Germany whose attitude deprived the Netherland Government of its freedom of action in lending the requisite assistance towards the conclusion and execution of an arrangement between the shipowners and the Associated Governments.

This statement of the facts is altogether erroneous. The Netherland Government held its full freedom of action with respect to the Netherland vessels lying in ports of the United States and its allies

and those vessels, save a few, had already been chartered; some were even at sea. The fact that the free lane in the North Sea is under Germany's control only bore on the sending of vessels to take the place of those leaving America for the revictualing of the Netherlands and in the service of the Commission for Relief. The regulating of vessels engaged in that service does not come under the Queen's Government, which gives it its whole-hearted assistance, but under the arrangements made by the two belligerent parties.

On the other hand the Netherland Government's freedom of action was hampered by the Government of the United States itself from the very beginning of the negotiations entered upon with it. For in denying to the Netherland vessels the facilities that are customary in international navigation, and in the *Zeelandia* case by refusing without any valid ground clearance to that ship which already had its own cargo, its own bunker coal, and therefore in no wise depended on America, it exercised upon the Netherland Government a constraint which was the prelude to the seizure that has just been carried into effect. The seizure is an act of violence committed upon a friendly state whose flag the Government of the United States was bound to respect. To meet this abuse of force the Netherland Government has no other weapon than that of a protest based on the justice of its cause. In the name of the people of the Netherlands the Queen's Government enters the most energetic protest against the seizure of which their merchant fleet is the victim. It reserves all its rights to full reparation for the injuries resulting from that act of violence.

THE HAGUE, *March 31, 1918.*

File No. 656.119/342

*The Netherland Minister (Philips) to the Chairman of the War Trade Board (McCormick)*¹

WASHINGTON, *April 1, 1918.*

MY DEAR MR. MCCORMICK: There are a few points in connection with the seizure of the Dutch ships which it seems desirable to clear up.

1. What is going to be done about the cargoes? I suppose these are not comprised in the seizure. Who is to pay for the expense of unloading, storage, insurance and eventual reloading? What is to be done with regard to perishable cargoes?

2. Several of the ships were under charter to the Shipping Board. Do you consider those charters as subsisting or as cancelled?

¹ Copy received from the War Trade Board, Apr. 6.

3. In what manner is the trade between Dutch East and West Indian ports and the United States and Holland to be safeguarded? Which Dutch ships will be available for this trade?

4. Will you cooperate in having Lloyd's agencies in the various ports make a report regarding the conditions of the ships? In that case I shall instruct the Dutch consuls in the various ports accordingly.

5. Will you have the inventories of the various ships made up by the captains or owners, checked, and, if correct, signed as such by the American authorities?

I need not point out, that whatever may be the divergency in the views of our two Governments regarding the seizure, it seems equally desirable for both that the above points be settled without delay.

I am [etc.]

AUG. PHILIPS

File No. 656.119/286

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, April 1, 1918, 7 p. m.

[Received April 1, 4.29 p. m.]

9299. War Trade Board [from Sheldon]:

No. 362. Your confidential No. 256.¹ The only step in the Dutch negotiations in which the British had my approval beforehand was the talk that Lord Robert Cecil had with Van Vollenhoven, as mentioned in my No. 225,² which was rather a very strong hint at possible requisition than an ultimatum. The telegram sent by the Foreign Office to their Minister at The Hague, as per my No. 246,³ I was entirely ignorant of, and on learning of its contents I arranged for a conference with the members of the Shipping Mission and the Foreign Office which resulted in the despatch of the joint cable with Stevens' No. 255.⁴ As intimated in your telegram No. 194,⁵ I had fully expected that a joint note would be made to the Netherlands Government and I mentioned this to Lord Robert Cecil in my letter of March 15, contained in my telegram to you No. 290.⁶ I would furthermore invite your attention to my telegram No. 275⁵ asking whether you approved of my No. 255, what action you had taken, and asking for instructions in good season in anticipation of the Dutch reply about to be received. From the foregoing you will see that we had expected here that definite instructions would be received for the composition of a joint note or else on the lines of your telegram No. 194 that you would arrange with the British Embassy there the text of a joint note which would be transmitted to The Hague. Replying to the last sentence of your 256, the telegram that was sent by

¹ *Ante*, p. 1432.

² *Ante*, p. 1401.

³ *Ante*, p. 1406.

⁴ *Ante*, p. 1408.

⁵ Not printed.

⁶ *Ante*, p. 1413.

the Foreign Office to the British Minister at The Hague was never submitted to the Embassy or me for approval nor was any intimation given us that it was to be sent. We received copy of it after it had been sent. In my opinion the original British ultimatum that was sent to Holland, as communicated to you in my No. 246, should certainly have been submitted to us to obtain your approval, but I doubt if the Foreign Office had any other object in despatching it without submitting it beforehand than that of gaining time. I believe they felt from the telegrams which you had sent about requisitioning that you would approve of the ultimatum and the text of the message as sent had the disadvantage from the British point of view of their appearing to take whatever onus would attach to initiation of such action. I realized as soon as I had seen the text of their ultimatum the gravity of the situation and brought about a joint conference with the Shipping Mission and the Foreign Office which resulted in my telegram No. 255. As mentioned above, the Foreign Office may have been in some measure led to take the independent action they did owing to the fact that the previous Dutch negotiations had been located here in London in spite of the fact that the major portion of the shipping to be requisitioned lay in American ports. We shall use our best endeavors always to prevent any such independent action with a view of there being complete agreement and approval by all interested parties in all negotiation in the future.

PAGE

File No. 656.119/298

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, April 1, 1918, 8 p. m.

[Received April 2, 2 a. m.]

2232. I had a conversation this morning with the Minister for Foreign Affairs—the first time I have been able to see him since the publication here of the President's statement on the 22d March. He has been ill in bed since then, and the two Cabinet meetings that have taken place and at which he presented for ratification his statement which I cabled you March 30, my No. 2228, and presumably his formal protests which have been sent to London and Washington, but of which I have not yet been able to see copies, were held at his private house. Your 1070, March 29, was received yesterday morning and it was as result of it that I went to see Loudon. Despite his statement the effect of which could not be foreseen, I wished to make certain that he knew that the United States had been willing generously to become a party to an arrangement for assuring supplies to Holland somewhat in the manner provided for Belgian Relief; to discuss the facilities of supplies other than the 100,000 tons

of cereals already offered, and to give specific guarantees similar to those already given for the *Poeldijk* and *Maasdijk*.

Loudon seemed in a very depressed state. I told him that I had telegraphed his statement to you and that I would not discuss it with him. He gave me to believe, in regard to carrying on further negotiations, that his two protests above mentioned as far as Holland is concerned closed the matter, and that it would be up to the Associated Governments to make the next steps. I asked him what the result would be if no further steps were made and he said that Holland would have then to get along as well as she could. He did not talk about the actions of Germany which have rendered these negotiations futile up to now. He said that he had continued to hope and believe that the negotiations would come to a satisfactory end until the final step had been taken of requisitioning the ships, which he said of course ended everything, and that if anything were done now they would have to be begun all over again from the beginning. I did not refer to any of the criticisms that he made in his statement.

On account of the holidays no newspapers have been published in Holland yesterday and today. I expect, however, unless the situation changes, to make use of your telegram No. 1070 tomorrow with the idea of making it plain publicly that we were willing and ready to come to the assistance of Holland and that it is no fault of ours if this aid is rejected or made impossible of realization.

GARRETT

File No. 656.119/219

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, April 3, 1918, 7 p. m.

7130. For Sheldon [from War Trade Board]:

No. 292. Your No. 290, Embassy No. 9071, March 15, 8 p. m.¹ After careful consideration and in view of Garrett's recommendation transmitted through Hayward, we are of the opinion that the time is now appropriate to offer to Holland substantially all of the commodities which she would have secured under the general rationing agreement, these commodities to be lifted by ships now in Holland. We desire to offer the annual rations set out in schedule A, enclosure No. 1 of your despatch of December 31, 1917,² excluding the first two items of feeding stuff 250,000 tons and bread cereal, etc., 400,000 tons. With regard to these two items we feel strongly that no feeding stuffs whatever should be offered. In respect of cereals the Associated Governments have already offered 100,000 tons which it is estimated should suffice until the next harvest. We would, however, state to the Netherland Government on this sub-

¹ *Ante*, p. 1413.

² Not printed.

ject that if it should subsequently develop that on the basis of the present bread ration in Holland their present stocks with the addition of 100,000 tons will not suffice until the next harvest, then we will gladly consider putting further bread cereal at her disposal. It is, of course, understood that the amounts above referred to would be received subject to appropriate conditions against re-export, etc.

Before unconditionally pledging ourselves to facilitate Holland's importation of these articles, we should, however, have some understanding in respect to Belgian Relief. We do not consider it advisable to press Holland to make any formal agreement with us which she would naturally be reluctant to do at the present time. We feel, however, that it would be satisfactory if Holland would give us to understand that in the event that tonnage still at her disposal leaves a surplus over the amount which she would have had for domestic and colonial trade under the permanent agreement, then the amount of this surplus shipping up to 100,000 will be put into the service of Belgian Relief.

Please give us your views and those of the Foreign Office on this proposal. Also repeat to Garrett asking him to give us his views. We are taking up this matter with the British Embassy here.

LANSING

File No. 656.119/323

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, April 6, 1918, 11 a. m.

[Received 12.32 p. m.]

2271. Your assurances in regard to the *Prinses Juliana*, as referred to in your 1070, March 29, and 1073, March 30,¹ are negatived by a semiofficial report in the papers this morning that this steamer has been seized at Hongkong. Grave doubt is thus cast, not perhaps on the good faith, but certainly on the value of our assurances. May I deny this report before it goes any further?

GARRETT

File No. 656.119/327

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, April 6, 1918, 6 p. m.

[Received April 7, 2.30 a. m.]

2276. Your 7130, April 3, 5 [7] p. m., for Sheldon, has been repeated to me and I have also received your 1078, April 4, 6 p. m.¹ I think it is useless at this date to continue suggesting to Holland that

¹The latter not printed.

all she has to do is to send ships to fetch the grain she needs. She cannot send ships and she knows it, and the suggestion seems like an evasion. It is absolutely necessary that grain should be on the way here very soon if not to prevent famine at least to prevent outbreaks of which there have been several in the last few days. It is a fact that the poor people are suffering. They depend on bread. Excesses might offer an excuse to Germany to "restore order" as on the eastern front.

I have given out a statement which has been published in all the papers based on points 4, 5, 6, and 7 of your 1070, March 29, 6 p. m. The other points being controversial, I thought better not to use them. The statement is being commented on hopefully and there is, unless I am mistaken, a tendency to believe in us and look to us. Perhaps all that is needed even now is that we should make a new frank offer without impracticable conditions. My French colleague and I have just been talking over the situation. We are neither of us able to judge the military necessity of the moment but we are able to judge the state of feeling here. We believe—if allowed [to carry out] suggestion that has been made to the French Minister by a Dutch statesman today—that the situation can be met. The suggestion is not altogether novel, but we believe that it might turn the sentiment back to where we want it and put our enemy in a position where the responsibility for suffering here will be thrown on him. We suggest to you that if military exigencies permit it you announce immediately that two Dutch ships in our ports are allowed to leave with the first part of the 100,000 tons of grain for Her Imperial Majesty, Holland; two Dutch ships of equal tonnage to leave here at the same time. No demands such as referred to in your 1078 above should be coupled with your announcement. To have its effect it must be unrestricted. Allizé tells me in confidence that he is advised that such a proposition would be acceptable to the Dutch Government. I think there is little doubt of its being received by the people with joy.

GARRETT

File No. 656.119/342

*The Secretary of State to the Netherland Minister (Philips)*¹

WASHINGTON, April 8, 1918.

MY DEAR MR. MINISTER: I take pleasure in replying herewith *seriatim* to the points raised in your letter to Mr. McCormick dated April 1, and relating to certain aspects of the action of my Govern-

¹Letter of Apr. 6 from the Assistant to the Chairman of the War Trade Board states: "This proposed reply has been approved by the War Trade Board, the Shipping Board, and the British Embassy."

ment in putting into service ships of Netherland registry lying in United States waters on March 20.

1. Cargoes are not comprised in the requisition and any expense involved in unloading the same will be borne by my Government. With respect to storage, insurance and eventual reloading, I assume that you are only interested in cargoes to the extent that your Government or nationals have an interest therein. Cargoes having such a Netherland interest will be stored and insured by my Government until the owners elect to dispose of the same in an authorized manner, or until a reasonable period after such time, if any, when my Government may offer your Government opportunity to transport such cargoes to their destination. In the event that such opportunity is availed of the expense of reloading will likewise be borne by my Government. In the event that any of such cargoes are of a perishable character my Government will also bear such loss, if any, as may result from their perishable character during a period following the date of requisition, which may afford the owners a reasonable opportunity to dispose of the goods. I may add that my Government is disposed to offer to purchase at a fair valuation such portions of the cargoes as the Dutch owners may desire to be relieved of in this manner. In the case of all of such cargoes my Government reserves the right to take them over in whole or in part as its national interest may demand.

2. In the case of ships which were under charter to the Shipping Board, we regard these charters, except as hereafter indicated, as canceled on March 20. In the case of ships which were outside the jurisdiction of the United States on March 20, we shall regard the charter as subsisting until the return of the ships to a United States port as contemplated under the charter party, and in case the Dutch owners desire the charters to be regarded as subsisting for the full period contemplated by the charter party, we will conform with such desire.

3. Trade of the Dutch East and West Indian ports will be facilitated by granting bunker licenses and by guarantees against detention, provided the amount and character of this trade conforms to that specified in the proposed general commercial agreement as signed by the Dutch Commissioners at London. In regard to Netherland continental trade, ships in Holland will be freely bunkered and will be immune from detention while engaged in lifting cargoes comprising supplies which the Associated Governments may, from time to time, tender Holland, or the procurement of which the Associated Governments may offer to facilitate. Ships of Netherland registry outside of Holland and not engaged in colonial trade as above indicated, may engage in normal trade outside of Nether-

land colonial or continental trade. If, however, it shall develop that Netherland ships now in Holland are not sufficient to lift the supplies, which, as above mentioned, the Associated Governments may tender, then my Government will be glad to offer to facilitate the movement of these ships in trade between Holland and foreign ports under suitable conditions.

As an exception to the above-mentioned arrangement and as a further expression of the earnest desire of the Associated Governments that Holland shall begin as soon as possible to obtain the food-stuffs for which the Associated Governments have promised facilities, I desire to assure you that upon a corresponding vessel leaving Holland for a North American port, the steamship *Hollandia* which I am advised is now at Buenos Aires may avail itself of all the facilities which the Associated Governments can offer in loading a cargo of grain and proceeding to Holland. It is desired, however, that in the event this offer is availed of the *Hollandia* shall call at a designated port for examination.

4. My Government will be happy to cooperate in having Lloyd's agencies make a report regarding the condition of the ships, provided this can be done without unduly delaying the movement of the ships. The United States Navy has already made a survey and report on the conditions of the Dutch ships, which indicates that they are generally in good condition. I shall be pleased to furnish you with a copy of these reports as soon as they are in complete form.

5. My Government will be glad if the captains or owners of the ships put into our service will make inventories and instructions will be issued that if correct they will be signed as such by proper authorities. The foregoing is, however, subject also to the condition that the movement of the ships cannot be unduly delayed to permit of the making of such inventories. Accurate inventories have already been made by officers of this Government and have been checked and signed and you may perhaps desire to suggest that the captains or owners of the several ships likewise sign these inventories if they are found to be correct.

The foregoing will, I trust, be found to cover the specific points which your letter of April 1 raises. I desire, however, to add that it is my Government's earnest desire, in so far as is possible, to spare your nationals any inconvenience or expense arising from the action which my Government has felt obliged to take. The replies to your several points of inquiry have been framed with a view to accomplishing this result. Since, however, the points which you raised were general in character and the replies are similarly general, it may be found that their application to certain specific cases may seem to you to work some hardship. If so, I trust that you will

bring such specific cases to the attention of my Government and I assure you that no effort will be spared to accord such treatment as may be equitable.

I am [etc.]

ROBERT LANSING

File No. 656.119/348a

The Secretary of State to the Minister in the Netherlands (Garrett)

[Telegram]

WASHINGTON, April 8, 1918, 5 p. m.

1085. Informed by Stevens that he has sent to you terms for chartering Dutch ships,¹ which terms have been agreed to by British Government, and that you are awaiting instructions from Department before presenting these terms to Foreign Office. You may present terms, and give wide publicity to them.

LANSING

File No. 656.119/323

The Secretary of State to the Minister in the Netherlands (Garrett)

[Telegram]

WASHINGTON, April 9, 1918, 2 p. m.

1088. Your No. 2271, April 6, 11 a. m. Our assurance relative to *Prinses Juliana* was made on oral representation of Netherland Minister that this vessel was *en route* to San Francisco and would shortly arrive there. Minister stated that many prominent Dutch citizens including officials were at San Francisco ready to return to Java by steamer *Juliana*. He asked whether vessel would be detained at San Francisco, as if so these people would plan to return to Java by another vessel. Since President's proclamation in any event only applied to vessels in our waters on March 20, we gave assurance that *Prinses Juliana* would not be detained on her arrival at San Francisco but would be allowed to return to Java. We are utterly surprised to learn that *Prinses Juliana* is only now at Hongkong, and if the vessel was seized there it was in no way in violation of our assurance which only related to exemption from seizure in event of her arrival at San Francisco. Neither we nor British Embassy have any official confirmation of seizure at Hongkong but British Embassy has at once cabled for information on this point. After considering the explicitly limited character of our assurance and the representations upon which it was based, please cable us your recommendation in the event it shall develop to be a fact that this steamer was seized by British at Hongkong. In meantime you are authorized to discuss this matter informally with the Foreign Office in such manner as you may deem wise.

LANSING

¹ See telegram No. 6984, Mar. 21, to the Ambassador in Great Britain, *ante*, p. 1423.

File No. 656.119/336

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, April 9, 1918, 11 p. m.

[Received 11.23 p. m.]

9425. War Trade Board [from Sheldon]:

No. 400. Your 292.¹ Foreign Office tells me that Vollenhoven has intimated to them that he hopes shortly to be in a position to resume negotiations for a general agreement. He stated to them and to me that there are a few points which the Dutch Government consider it advisable to have settled about which there is at present a certain misunderstanding.

[1.] The British statement regarding requisition, paragraph 6, states that the Associated Governments gave an undertaking that Dutch ships which might leave a Dutch port after March 21 shall not be brought into Allied service otherwise than in agreement with the owners first. Van Vollenhoven says this leaves Dutch boats on the high seas or now in neutral ports indefinitely subject to requisition. I understand Foreign Office take the view that they are and that this will tend to induce their owners to negotiate.

2. Van Vollenhoven wishes to know whether Dutch ports included Dutch colonial ports. Foreign Office say "Yes." Please cable me your views on these points and if you are in agreement with the general clause above quoted. I fear that liability of boats in foregoing category, one being still subject to requisition, may make opening of negotiations for a general agreement more difficult. I understand from Shipping Mission that questions of charter rates and insurances value have practically been agreed upon with the British and that a communication may shortly be ready to send to the Netherlands Government. This communication might furnish an opportune occasion for eliminating any misunderstanding on the points mentioned above.

PAGE

File No. 656.119/337

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, April 10, 1918, 1 p. m.

[Received 7.11 p. m.]

2284. Last night the Burgomaster of Rotterdam was instructed by the Minister of Agriculture to inform the Committee for Relief in Belgium that their shipments of overseas products to the occupied territories would not be allowed to leave Rotterdam and that if such

¹ Ante, p. 1449.

shipments were attempted he was authorized to seize the Relief's stocks under the distribution law.

The French and Belgian Ministers saw the Prime Minister this morning and he agreed to give orders to permit the export of supplies now on land but told them that all arrivals from now on would be held.

This threat is greatly to be regretted and must react on Holland in the future, but we should not let it influence us adversely—we are much too big and right for that.

I believe the situation which is very delicate and adverse to us will be eased up and even turned in our favor if you can see your way to announce immediately that two Dutch ships may leave New York with grain for Holland as suggested in my 2276, April 6, 6 p. m. Conditions here are really critical; the people are suffering already and are demonstrating. There have been ugly crowds in several towns in the last few days.

GARRETT

File No. 656.119/327

The Secretary of State to the Minister in the Netherlands (Garrett)

[Telegram]

WASHINGTON, April 11, 1918, 3 p. m.

1095. Your No. 2229, March 30, 6 p. m.,¹ and 2276, April 6, 6 p. m. In a note to the Netherland Minister² the text of which is being cabled you, it was stated that the S.S. *Hollandia* understood to be at Buenos Aires might avail itself of all facilities which the Associated Governments could offer in loading a cargo of grain and proceeding to Holland, provided a corresponding vessel left Holland for a North American port and provided the *Hollandia* would call at a designated port for examination.

We are prepared to permit two other Dutch vessels from among the number not requisitioned to load grain and proceed to Holland upon corresponding ships leaving Holland as suggested in your 2276. We are discussing this plan with British and shall advise you as soon as their concurrence obtained so that you may officially advise Netherlands Government.

We regard it as most undesirable to create the impression that we will, as a general proposition, permit Dutch ships now outside of the Netherlands to proceed there in exchange for corresponding ships leaving a Dutch port for this side. We understand that there is already in Dutch ports ample tonnage to lift the supplies required

¹ Not printed.

² *Ante*, p. 1451.

by Holland, and we are strongly of the opinion that these ships alone should be put into this service, leaving the ships now outside of the Netherlands to engage in their customary traffic, which involves the performance of service useful to us. You will appreciate that if principle of exchange were adopted it would result in tonnage in Netherlands ports being put into service only to extent of one-half of total tonnage required for Netherlands domestic needs. The balance would be continuously idle.

We are further disinclined to permit Dutch vessels now on this side to proceed to the Netherlands, for the reason that we would be embarrassed to supply immediately the necessary grain cereals required to supply cargoes, while were ships sent from the Netherlands in accordance with our outstanding proposal this would afford us a longer time in which to arrange to supply cargoes. It must, therefore, be emphasized that the cases of the *Hollandia* and the two other vessels above referred to are exceptional in character and are permitted only as a measure for relieving immediately the food situation in Holland which according to your statement is temporarily so serious that we should permit in these exceptional cases the sending of ships already on this side for the sole purpose of saving time.

LANSING

File No. 656.119/337

The Secretary of State to the Minister in the Netherlands (Garrett)

[Telegram]

WASHINGTON, April 11, 1918, 5 p. m.

1100. Your No. 2284, April 10, 1 p. m. You are authorized to inform the Foreign Office and if you see fit announce publicly that the two Netherlands steamers, *Java* now at Savannah and *Juno* now at Curaçao, or other shipping under Dutch control of approximately the same tonnage which the Netherlands Government may designate, may at once load grain at a United States Gulf port and proceed to the Netherlands, it being understood that ships aggregating approximately the same tonnage will leave the Netherlands for a North American port simultaneously with the departure of these vessels from the United States for the Netherlands.

We estimate that these two vessels together with the *Hollandia* will permit of the immediate lifting for the Netherlands of approximately 14,000 tons of bread cereals which, of course, will be credited on account of the 100,000 tons of bread cereals offered to be placed at the disposal of the Netherlands Government.

LANSING

File No. 656.119/352

*The Secretary of State to the Netherland Chargé (De Beaufort)*¹

WASHINGTON, April 12, 1918.

SIR: I have the honor to acknowledge the receipt of the note of Her Majesty's Government under date of March 31, 1918,² relative to the taking over by my Government of merchant vessels of Netherlands nationality within the territorial waters of the United States.

It is a matter of serious regret to my Government that the Government of the Netherlands have felt compelled to assert, in spite of the unusual conditions existing at the present time, that the measures taken by the Government of the United States in regard to the vessels concerned are inconsistent with the traditional friendship between this country and the Netherlands, and also to enter formal protest to the exercise by this Government of a recognized belligerent right which has, even under less critical circumstances, been sanctioned by the usage of civilized nations. It has been, since the United States became a participant in the present war, and still is its purpose to invade in no way the rights of the Netherlands and to take no action which is not founded upon a right which it clearly acquired by reason of its belligerency.

In spite of the indubitable right of this Government to convert to its use, under the imperative need which this war has imposed, the vessels of any nationality coming within its territorial jurisdiction, it did not exercise that right until it had tried every practicable means to obtain by agreement with the Government of the Netherlands the use of the merchant vessels of Netherlands nationality in American waters.

After a long negotiation to that end during which the Government of the United States tendered a fair and reasonable compensation for the use of the vessels and offered further to relieve from the operation of the embargo, which had been placed by law upon American exports, certain commodities especially foodstuffs and "bunkers" desired by the Netherlands, the exigencies of the war and the extreme need of transportation in its prosecution increased to such a degree that this Government, in view of the inability of the Government of the Netherlands to conform to the terms of the *modus vivendi*, which had been agreed upon during the course of the negotiation, had no other course but to exercise the right of angary, which it had long held in abeyance pending the negotiation of a definitive agreement.

Her Majesty's Government are not ignorant of the fact that the interruption of the free use of the vessels in question in trade with

¹ Text of this note was transmitted to the Minister in the Netherlands by telegram No. 1102 of Apr. 12 (File No. 656.119/358a).

² *Ante*, p. 1445.

the United States and European countries is due wholly to the illegal and brutal submarine warfare conducted by the German Government, of which they have justly complained. Since, however, the Netherlands Government were unable to continue to exercise their rights on the high seas, although recognizing the lawlessness of the intended action of Germany, and apparently felt constrained to yield to the German Government's objections, they adopted a course which, though not by intention, did, in fact, aid the German Government in its avowed policy of preventing commercial vessels of every nationality from approaching certain coasts of Europe. In view of these facts, the necessity for the immediate and vigorous prosecution of the war, on which the national safety of the United States depends, compelled this Government to resort to its full rights as a belligerent.

To defeat the policy of the German Government which was intended to interrupt the transportation of supplies to the military forces of the United States and its cobelligerents in Europe, this Government could do no less than increase by every means in its power the vessels engaged in this traffic. While convinced of its legal right to take over the vessels of Netherlands nationality in view of the imperative necessity which existed, the Government of the United States did so with reluctance and regret although it purposed and purposes to make just recompense for any loss or damage sustained by the owners of the vessels and to grant substantially the commercial concessions to the Netherlands which would have been granted had the agreement under consideration been finally concluded. It has not complained and does not intend to complain of the failure of the Government of Netherlands to perform their part of the *modus vivendi* which had been agreed upon, but it cannot but express surprise and regret that the natural consequence of such failure should be the subject of complaint by the Government of the Netherlands.

This Government was convinced, although it now appears erroneously, that the Government of the Netherlands, whose rights on the high seas had been so often and so flagrantly violated by the German naval authorities, would not consider it their duty to resent a course of action by this Government, whatever embarrassment might result, which did not exceed the recognized legal rights of a belligerent, especially when such action was directly caused by the lawless conduct of a nation which waged indiscriminate war against neutrals as well as against its enemies.

In conclusion I earnestly hope that you will assure Her Majesty's Government that the Government and people of the United States have only the most friendly feeling for the Government and people

of the Netherlands, and they would not, except by reason of the circumstances which have been imposed upon them by the lawless conduct of the German Government and by its improper interference with the sovereign right of negotiation, have exercised a belligerent right which is deemed sufficiently questionable by the Government of the Netherlands to constitute a proper subject for complaint, which is contrary to the views of the Government of the United States and to its understanding of the rules of international law applicable to the present case.

Accept [etc.]

ROBERT LANSING

File No. 656.119/339

*Statement by the Department of State, Published April 13, 1918, in Reply to the Declaration of the Netherland Government, Published March 30*¹

The Netherlands Government have issued a statement relative to the recent action of the Government of the United States in putting into its service for the period of the present war emergency certain privately owned vessels of Netherlands registry lying within the territorial jurisdiction of the United States. While this action is referred to as being indefensible from the standpoint of international law, the statement of the Netherlands Government does not argue the question of legality. Nor is this Government disposed to do so. The practice of nations and the opinions of jurists on the right of a belligerent to utilize all private property which comes voluntarily and unconditionally within its jurisdiction are sufficiently well known to render citation of precedent and of authority unnecessary. But, as the Netherlands Government itself suggests, our action must be subjected to a finer test than that of mere legality. It matters very little that our act be legal if, as alleged, it violates traditional friendship and is inconsistent with ideals of right and justice.

The Netherlands Government first declare that the very presence of Dutch ships in our ports resulted from our detention of them with an unfriendly hand. While our right to refuse bunkers and cargo licenses is conceded, friendship, it is said, should have led to the granting of special privileges in favor of the subjects of a friendly state. Our own supply of bunker coal at seaboard has been inadequate for our pressing national needs. The cargoes which were demanded were largely of grain, of which our own reserves are all too low. The bunkers, if granted, would have served to carry this grain to the Netherlands where, as events have demonstrated, it was not then needed and where it would only have served to release equivalent

¹ Copy sent to the Netherland Minister, Apr. 12.

foodstuffs for the enemy. Such action upon our part, whatever its intention, would in fact have been an act beneficial to the enemy and having no relation to our friendship to the Netherlands. The owners of Dutch ships were, however, unwilling that their ships should perform any other services than those which it was clearly impossible for us to facilitate, and the ships of this maritime nation accordingly lay idle for many months and until the conclusion on January 25, 1918, of the temporary shipping agreement¹ which was proposed by the Netherlands commissioners at London and accepted by the United States as a measure to restore to immediate activity that portion of the Netherlands mercantile fleet lying within our waters.

The statement of the Netherlands Government seems to imply that this agreement was in fact lived up to by the Netherlands Government, yet evidence to the contrary is found in the statement itself which refers to German objections as having prevented performance by that Government of what is erroneously referred to as America's demand, but what was in reality a Netherlands undertaking, that when a Dutch ship left the United States for the Netherlands a corresponding Dutch vessel should simultaneously leave the Netherlands for the United States. Had not the Netherlands Government, under German threats of violence, which were a matter of common knowledge, felt unable to carry out the temporary shipping agreement, it is inexplicable that the S.S. *Samarinda* and *Adonis* would not have sailed for a Dutch port with their cargoes of foodstuffs which under the agreement the Netherlands was to receive, and of which it was asserted her people were in direst need. Indeed the statement of the Netherlands Minister for Foreign Affairs made to Parliament on March 12, 1918, if it is correctly reported to us, sets out in considerable detail Germany's objections which prevented performance of this shipping agreement. As recently as March 14, 1918, after the Netherlands Government had been informed that the situation had reached a point where the Associated Governments could see no alternative but requisitioning, a note was presented on behalf of the Netherlands Government,² expressing the hope that Germany's objections might still be overcome, so as to permit at some future date complete performance of this agreement, which was to have been put into operation immediately and completely upon its conclusion nearly two months before.

It is finally suggested by the statement of the Netherlands Government that it was an unfriendly act for the United States to desire that ships of Netherlands registry be employed in a service which would involve the carriage of materials of war for a belligerent. No

¹ See note from the Netherlands Minister, Jan. 25, *ante*, p. 1392.

² Not printed; note addressed to the Chairman of the War Trade Board (War Trade Board files: Holland Negotiations, vol. II).

principle of international law is known which renders it improper for a neutral to perform such a service. If, however, this were the principle the Netherlands Government itself would be among the first to be condemned thereby, since during the period of the war its river barges have constantly been employed in carrying for the German Government materials regarded as contraband by both groups of belligerents.

One year ago, the United States abandoned its neutrality and pledged its entire resources of life and treasure to ensure the triumph of democracy over autocracy and to assist to save the world from the blight of militarism. As a result of a species of naval warfare directed against belligerents and neutrals alike which the Netherlands Government have themselves declared to be illegal, there has during this period existed a shortage of shipping which threatens to postpone at frightful cost the ultimate victory. This has created an emergency which in magnitude and significance has seldom if ever before been equaled. During this period there have been lying in ports of the United States and subject to its jurisdiction and control approximately 500,000 tons of ships of Netherlands registry. At any time within a year the United States might have exercised its right to put these ships into a service useful to it. Yet it forebore and for many months patiently negotiated, first in Washington and then in London, until finally the temporary agreement of January 25 was entered into. No sooner was this agreement concluded than it broke down under German threats of violence which overruled the will of the Netherlands Government expressed therein. Then and then only did the United States take steps to accomplish through the exercise of its own right that which it was hoped could have been accomplished by agreement, and which the Netherlands Government had been willing in part so to accomplish.

The action taken leaves available to the Netherlands Government by far the greater part of their merchant marine and tonnage, which according to estimates of their own officials is ample for the domestic and colonial needs of the Netherlands. Shipping required for these needs will be free from detention on our part and will be facilitated by the supplying of bunkers. The balance is being put into a highly lucrative service, the owners receiving the remuneration and the Associated Governments assuming the risks involved. In order to insure to the Netherlands the future enjoyment of her merchant marine intact, not only will ships be returned at the termination of the existing war emergency, but the Associated Governments have offered to replace in kind rather than in money any vessels which may be lost whether by war or marine risk. One hundred thousand tons of bread cereal which the German Government when appealed

to refused to supply have been offered to the Netherlands by the Associated Governments out of their own inadequate supplies, and arrangements are being perfected to tender to the Netherlands Government other commodities which they desire to promote their national welfare, and for which they may freely send their ships.

The statement of the Netherlands Government explicitly recognizes the traditional friendship of the United States toward their country. It recognizes that we have heretofore sought to act in accordance with the dictates of right and justice and to champion the interests of smaller nations. It should not therefore hastily be presumed that we have now abruptly repudiated that friendship and been false to those ideals. It is in fact difficult to believe that such a conclusion could be drawn from this exercise of our rights in a manner which scrupulously safeguards and indeed promotes the national interests of the Netherlands.

File No. 656.119/350

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, April 11 [13], 1918, 6 p. m.

[Received April 14, 10.34 a. m.]

2309. Your 1085, April 8, 5 p. m.¹ After comparison with instructions received by British Minister, I today [communicated] to Minister for Foreign Affairs text of terms agreed upon for payment, etc., for Dutch requisitioned ships and have given it to the press for publication tomorrow.

GARRETT

File No. 656.119/357

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, April 16, 1918, 10 p. m.

[Received 11.35 p. m.]

9537. War Trade Board [from Sheldon]:

No. 434. Your 334.² I have had several interviews with the Foreign Office regarding the terms upon which rations should be granted to Holland. The statement in your telegram above referred to would almost lead us to believe that you contemplate changing the locus of negotiations from London to Washington and the Foreign Office is somewhat disturbed by the report that you had agreed to allow the steamship *Java* which was in Savannah and the steamship *Juno* in Curaçao, to lift grain rations to Holland without the British

¹ *Ante*, p. 1454.

² Not printed.

Government being at least forewarned that such action was contemplated. I think that unless some new understanding is arrived at the original agreement should remain in force; that the Dutch and Swedish negotiations should be conducted in London and the Norwegian and Danish in Washington. The Foreign Office has cabled Lord Reading that they presume there is no intention on your part to offer the Dutch their ration imports unless and until the Dutch have resumed negotiations for a general agreement. The British Minister at The Hague reports that the Dutch Government seem to regret the attitude they have taken and that they would gladly find some means without loss of dignity of reopening negotiations. The Dutch Minister here today informed the Foreign Office that he believed it possible shortly to start again these negotiations. If this proves to be the case it would seem unwise, and the British are strongly of this opinion, to grant ration imports except we come to a definite agreement covering the following points: (a) fish agreement; (b) continuation of agricultural agreement; (c) credit arrangements; (d) agreement to supply East Indian products required by Allies. It would undoubtedly facilitate the Dutch reopening negotiations if we should declare that no further boats would be requisitioned. The British, I think, are willing to agree to this as regards those boats which were in neutral ports, but as regards boats that were on the high seas previous to March 20, the British are unable to come to a decision until they examine further how many of such boats might still be requisitioned. The food situation in Holland is doubtless influencing the Dutch Government toward a more conciliatory attitude, and this tendency, if properly handled, ought to be taken advantage of. The newspapers report that export of all foodstuffs to any destination is now prohibited.

PAGE

File No. 656.119/359

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, April 17, 1918, 6 p. m.

[Received April 18, 4.06 a. m.]

2334. Despite Loudon's statement in the Second Chamber yesterday, which was based on the British Government's note of March 22 informing the Dutch Government in the name of the Associated Governments of the decision to requisition Dutch ships and giving an undertaking that Dutch ships which should leave Dutch ports after March 21 should not be brought into Allied services, except [under] agreements with the owners, and despite your statement under point 6, in your 1070, March 29, 6 p. m., which has been pub-

lished, as well as other references to the same point, there is still some doubt here in regard to the three ships that are to leave simultaneously with the departure of the *Hollandia*, *Java*, and *Juno*. The general as well as the official understanding is that our assurances in regard to Dutch ships leaving Dutch ports after March 21 are unequivocal and include these three ships as well as all others not taken over prior to March 21. I respectfully request your confirmation of this understanding.

The situation has been greatly improved by the publication of your 112, 13th [1102, 12th],¹ and the existing antagonistic feeling tends to be directed against Germany and away from us. If there is a mistake made as to these three ships, I consider our chances of maintaining a belief here in our assurances and good faith is pretty well gone.

GARRETT

File No. 656.119/336

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, April 18, 1918, 3 p. m.

7332. For Sheldon [from War Trade Board]:

No. 345. Your No. 400, Embassy No. 9425, April 9, 11 p. m.² We are in accord with the Foreign Office in regard to the construction of paragraph 6 of the British statement. While, however, we agree that the assurance against requisitioning does not apply to Dutch boats on the high seas, or in neutral ports on March 21, nevertheless we feel that the Netherlands Government should be given to understand that we have no present intention of requisitioning any of these ships. Possible eventualities are such, however, that we are not prepared to bind ourselves formally never to requisition another Netherlands ship.

Referring to our No. 299 [292], Department 7130, April 3,³ we do not think that the offer of supplies therein suggested should wait until the Netherlands Government is again prepared to negotiate with us generally as suggested in your No. 400. No negotiation is in our opinion required except possibly such as may be involved in obtaining informal assurance that if we make the offer of supplies as proposed, adequate provision will be made for Belgian Relief. We feel it very important that we be able to tender Holland promptly a substantial amount of supplies other than the 100,000 tons of bread cereal already offered.

LANSING

¹ See footnote 1, *ante*, p. 1458.

² *Ante*, p. 1455.

³ *Ante*, p. 1449.

File No. 656.119/363

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, April 18, 1918, 3 p. m.

[Received April 19, 2 a. m.]

2337. My 2284, April 10. Belgian Commission Relief informs me that first cargo to arrive since April 10 has been sent on to Belgium.

GARRETT

File No. 656.119/396

The Netherland Chargé (De Beaufort) to the Secretary of State

[Translation]

WASHINGTON, April 20, 1918.

MR. SECRETARY OF STATE: I have the honor to inform Your Excellency that in order to be able to answer in an unqualified manner the doubts expressed in all directions concerning the intentions of the Associated Governments, my Government has instructed me to ask the American Government to be good enough to give me the formal assurance that from the 20th of last March no vessel flying the Dutch flag will be seized or detained in a port of the United States.

In consequence of the foregoing, I have the honor to have recourse to the obliging good offices of Your Excellency in order to obtain as soon as possible from the Government of the United States the assurance asked for by my Government.

In thanking Your Excellency in advance for the attention which you will be good enough to give to my request, I take this opportunity to renew the assurances of my highest consideration.

W. DE BEAUFORT

File No. 656.119/357

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, April 20, 1918, 7 p. m.

7347. For Sheldon [from War Trade Board]:

No. 372. Your No. 434, Embassy No. 9537, April 16, 10 p. m. There is no intention or desire on our part to transfer Dutch negotiations from London to Washington. We feel, however, that an offer of rations should not wait until the Dutch take the initiative in resuming negotiations for a general agreement, but that it would be preferable for the Associated Governments to agree on a form of proposal to be submitted to the Netherlands. This proposal could be conditioned upon the Netherlands giving satisfactory assurances covering both Belgian Relief and the four points you mention.

The offer relative to the steamers *Java* and *Juno* was made after consultation with and approval from British Embassy. The matter was not referred to London because of cables received from Garrett urging immediate action of this character as the only method of alleviating a situation which he described as critical. In so far as the grain for these steamers is concerned, the offer does no more than give effect to the proposal heretofore made by the Associated Governments. Garrett has been instructed to emphasize to the Netherlands Government that we have permitted ships from this side to lift this grain only as an exceptional measure, and that we still insist that the normal procedure must be the sending of ships from Holland to lift supplies for that country.

In regard to assurances against requisition of Dutch ships on high seas or in neutral ports on March 20, we are prepared informally to advise the Netherlands Government that we have not now any intention of requisitioning any of their ships. As we have heretofore pointed out to you, however, we are opposed to giving any permanent guarantee against requisition in any circumstance. We consider that there is very small likelihood that we should ever wish to requisition another Netherlands ship, but we can conceive of the possibility, even though remote, of a military situation arising where it would be most unfortunate to have our hands tied.

We feel that an informal explanation of our position could be made which would be satisfactory to the Netherlands Government.

LANSING

File No. 656.119/359

The Secretary of State to the Minister in the Netherlands (Garrett)

[Telegram]

WASHINGTON, April 22, 1918, 6 p. m.

1122. Your 2334, April 17, 6 p. m. In view of the repeated assurances, to which you refer, that Dutch ships leaving a Netherlands port after March 21 will not be brought into service other than by agreement with the owners, the Department is unable to understand your apparent doubt as to the unequivocal character of these assurances and your apparent hesitancy in taking all such steps as you may consider advisable to convince the Netherlands Government of the effectiveness of such assurances. The three grain vessels to which you refer are not, of course, covered by assurances above referred to, since except for the *Juno* at Curaçao they will not have left a Dutch port since March 21, and it is possible that a larger vessel may be substituted for the *Juno*. These three grain vessels are, however, protected by specific assurances that they may proceed to Holland with all the facilities which the Associated Governments

can offer. The three replacing vessels which will sail from Holland will come under the general assurances heretofore given.

The Netherlands Chargé has asked formal assurance that after March 20 no vessel flying Dutch flag will be seized or detained in a port of the United States. We now have under consideration the giving of a comprehensive guarantee against requisition. We have no present intention of taking further Dutch vessels, but in view of military exigencies which are possible, though not probable, we are reluctant to agree never under any circumstances to requisition another Dutch vessel. It may, however, be necessary that we give such a broad guarantee in order to get Dutch shipping generally into active service. An expression of your views on this point is desired.

LANSING

File No. 656.119/426

The Consul General at London (Skinner) to the Secretary of State

LONDON, April 22, 1918.

[Received May 8.]

SUBJECT: Ex-President Taft's memorandum respecting the requisitioning of Dutch ships¹

SIR: I have the honor to refer to the memorandum on the above subject received recently from the Department of State, which I caused to be circulated in various circles in London.² I have to-day learned that the Foreign Office being upon the point of despatching a note to Holland on the legal aspect of the affair and Lord Robert Cecil not having seen Mr. Taft's opinion, he has asked to be provided with a copy which is now before him, and which no doubt will be of assistance to him in dealing with the matter. Any material of this kind sent to me for distribution is always re-addressed in such manner as to bring about the most useful results.

I have [etc.]

ROBERT P. SKINNER

File No. 656.119/413a

The Secretary of State to the Minister in the Netherlands (Garrett)

[Telegram]

WASHINGTON, April 24, 1918, 4 p. m.

1127. The Department is disappointed at the popular response accorded the offer relative to the *Hollandia*, *Juno*, and *Java*. Press comment forwarded by you and other reports received indicate that this offer has been misconstrued and has been very generally inter-

¹ *Ante*, p. 1425.

² According to despatches from the Consuls at Halifax and Moncton, the memorandum was communicated by them to local newspapers and published. (File Nos. 656.119/331 and 334.)

preted as a further coercive measure directed against the Netherlands. This offer involved a departure from the general method of procedure which we felt should be adopted and which would require supplies for Holland to be carried exclusively by ships now in Dutch ports. The offer was made as a result of your two urgent cables No. 2276, April 6, 6 p. m.,¹ and No. 2284, April 10, 1 p. m.,² which represented that the making of such an offer would greatly improve the situation and would create great popular satisfaction. The Department realizes that hostile influences are doubtless at work, seeking to create a false impression as to our purpose, yet this very fact makes it important that you should be aggressive in presenting the true intentions of this Government and emphasizing the favorable features of our action.

LANSING

File No. 656.119/487½

Memorandum of the British Secretary of State for Foreign Affairs (Balfour) to the Netherland Minister in Great Britain (Van Swinderen) ³

The note, dated the 30th March, which the British Minister received from the Netherlands Minister for Foreign Affairs has received most careful study and consideration at the hands of His Majesty's Government.

It is clear that both on the facts and on the law there is a wide divergence of view between His Majesty's Government and the Netherlands Government. The former cannot but express their regret that allegations should have been made and published in the Netherlands which are calculated to give rise to much misconception as to what has really taken place since the negotiations with the Dutch delegates were commenced in London in November 1917, and as to the attitude adopted by the Associated Governments. To clear away these misconceptions His Majesty's Government prefer to deal first with the facts and then with the legal principles applicable to the situation that arose. They do so, not because they attach more importance to the one than to the other, but because it is impossible without a clear understanding of the facts to determine the legal rules which apply.

In the month of November 1917 delegates were nominated by the Netherlands Government to proceed to London for the purpose of coming to an agreement on the questions which were then outstanding between the Netherlands Government on the one side and the

¹ *Ante*, p. 1450.

² *Ante*, p. 1455.

³ From the British print referred to in footnote 1, *ante*, p. 1440.

Associated Governments on the other. On the 24th December an agreement was reached, and a document recording it was handed to Jonkheer M. A. Snouck Hurgronje, one of the Dutch delegates. His Majesty's Government recognise that the Dutch delegates were not plenipotentiaries, and were not authorised to sign any document which would bind their Government, but on behalf of the Associated Governments they desire to repudiate the suggestion that these negotiations were merely preliminaries on which the Netherlands Government should subsequently make proposals.

In support of this view it is well to quote the following extract from the covering letter in which the text of this document was handed to M. Snouck:—

With regard to the proposed agreement itself I should like to take this opportunity to express my great appreciation of the able and friendly manner in which you have conducted the negotiations on behalf of your Government. Both parties no doubt had to give away something which we had hoped to retain, but I feel the proposals, as they now stand, are such that if accepted by both Her Majesty's Government and the Allies they will be found practicable, and to be to our mutual benefit.

The document is headed "Proposed basis of agreement between the Netherlands Government and the Allies and the United States of America. (To be submitted to the Netherlands Government and the Allies and the United States.)" It covered a considerable variety of subjects, and on all of them the main principles to be followed in the agreement were settled, though on some there were details which required further adjustment. The agreed outline of the proposed tonnage arrangements was handed to M. Valstar, the delegate who had been primarily concerned in shipping matters, on the 4th January.

It was of course open to the Netherlands Government as much as to anyone of the Associated Governments to reject the whole scheme, and upon such rejection it would be open to any such Government to intimate a desire to initiate fresh negotiations upon some other basis; but in the absence of such rejection, all that was required was the acceptance of the agreement (whether or not this acceptance is called "ratification" is immaterial) and the adjustment of the outstanding details.

On the conclusion of the negotiations, the Dutch delegates separated; some of them returned to Holland for the purpose, at least so the British delegates understood, of explaining the proposal to their Government and securing their acceptance; one delegate, who had joined later, remained in London to await the result. This would certainly suggest that the Dutch delegates took the same view of the character of the arrangement arrived at as is taken above. During

the prolonged period that followed, His Majesty's Government awaited the outcome of the examination of the scheme by the Netherlands Government. At the end of January they were led to understand the Dutch reply might be expected in a few days and it would be favourable. No such reply, however, came.

Passing now to the *modus vivendi*, His Majesty's Government feel that they cannot accept the note of the Netherlands Minister for Foreign Affairs as a fair description of what has happened. The so-called *modus vivendi* was an arrangement proposed by one of the Dutch delegates, M. Snouck, first in December and later at the beginning of January, in the course of the negotiations. Various proposals had been made as to the immediate use of the Dutch ships lying in American ports, and ultimately an arrangement was arrived at on the 20th January, 1918, of which the following was the first and most important clause:—

1. All vessels in United States ports, except those mentioned in clauses 2 and 3 below, to be sent out for one round trip as designated by United States authorities outside present submarine zone, and not all to go on long trips. Of these vessels an amount to be determined by the United States Government up to a limit of 150,000 tons to be employed in the service of the Commission for Relief in Belgium. On the departure of a vessel for Holland in Belgian Relief service, a corresponding vessel will leave Holland for the United States.

The extent to which this *modus vivendi* was carried out was so slight as to render it to all intents and purposes abortive. It is useless to conceal the fact that it was German opposition which caused the *modus vivendi* to break down. The arrangements with regard to the shipping for Belgian Relief work were an essential part of the scheme, and this was frustrated by the refusal of the Germans to allow any Dutch ships to leave Holland as arranged. With regard to the overseas voyages, numerous difficulties arose with the Dutch owners of the vessels lying in American ports, though the possibility of any such difficulties was not foreseen when M. Snouck proposed the arrangement. Out of the 65 vessels lying in American ports only 9 commenced a voyage under it before the end of February, and the statement that "almost all the ships in question were duly freed and many of them had already sailed when, on the 22nd February last, the Netherlands Government asked for an advance of 100,000 tons of wheat on the total included in the basis of agreement of London" is irreconcilable with the facts.

His Majesty's Government were fully aware at this time of the campaign which had been undertaken by the German Government against the basis of agreement which had been negotiated in London; no secret was made of the fact that it was the tonnage part of it to

which the Germans took particular exception. It was in fact becoming increasingly obvious that the tonnage provisions of the general agreement would fail of acceptance by the Netherlands Government.

Discussions during this period were not infrequent between the members of His Majesty's Government and the Netherlands delegate, who still remained in London, and as early as the 1st March he was informed that it looked as if it would relieve the situation for both sides if the tonnage were requisitioned. The Associated Governments were still without any expression whatever of the views of the Netherlands Government on the general agreement. Time was going on and, as has already been explained the lapse of more than two months since the basis of agreement was first arrived at had made an essential difference in the tonnage situation. Nevertheless, the Associated Governments would, for their part, have greatly preferred to come to an arrangement by mutual agreement, and it was for that reason that another determined effort was made to reach a satisfactory conclusion with the Netherlands Government upon the lines that in return for the 100,000 tons of breadstuffs which the Netherlands Government desired, the tonnage which the Associated Governments would have received under the agreement should have been made available at once for use either within or without the war zone. This was the proposal which, in form, was accepted by the Netherlands Government on the 17th March,¹ but coupled with conditions as to the purposes for which the ships should be used which made that acceptance nugatory. These conditions were that the ships were not to be employed for transport of troops or war supplies, and that they were not to be armed.

The note of the Netherlands Government implies that this new condition was necessary from the point of view of neutrality, but it is a view of the obligations of neutrality which is not based on international law. It is merely a rule which the Netherlands Government have made for themselves. Indeed, M. Loudon pointed this out himself to the Second Chamber of the States-General in his speech of the 19th March:

Although international law does not contain any distinct rule prohibiting the transport in neutral ships of troops and war materials between two countries fighting together against a third country, the Netherlands Government have nevertheless from the beginning of the war adopted the principle that such so-called *etappentransport* cannot be tolerated under neutral flag, because by its character of effective aid to one of the belligerents it clashes conspicuously with the principle itself of neutrality.

The navigation of our ships through the closed area (*sperrgebiet*) has in itself nothing to do with neutrality.

¹ See telegram No. 9087, Mar. 18, from the Ambassador in Great Britain, *ante*, p. 1414.

It is plain that to lay down the principle that the Netherlands Government would not assent to any tonnage agreement which gave "effective aid to one of the belligerents" is equivalent to saying that they will not assent to any agreement which would be of advantage to the Associated Governments. The statement in fact confirms the view held by His Majesty's Government, that the conditions annexed to the supposed acceptance of the agreement turned that acceptance into rejection.

The rejection of this offer made the requisitioning of the tonnage still lying in the ports of the Associated Governments inevitable. If this tonnage was to lie idle, unless some agreement were come to, and if the parties were prevented from arriving at an agreement, a state of things would continue indefinitely which it was the very object of the Central Powers to achieve—the immobilisation of the Dutch tonnage.

It would seem as if the terms of the note of the 30th March were intended to produce the impression that when the Associated Governments proceeded to requisition the tonnage which was lying in their ports, they took a step which was totally unexpected by the Netherlands Government. If so, His Majesty's Government think it right to draw attention to the very clear intimation which was made by the British Minister to the Netherlands Minister for Foreign Affairs on the 8th March that if there was no agreement other measures must be taken. An equally explicit intimation was conveyed to the Netherlands Minister at Washington on the 12th March.

The assurances which were conveyed in the British note of the 21st March, if they had been rightly appreciated by the Netherlands Government, would have been seen to be at least as advantageous to Dutch interests as the tonnage provisions of the basis of agreement negotiated in London at the close of 1917. The only material alteration was the exclusion of the limitation against the use of the vessels in the war zone. Any possibility of injury to Netherlands interests, which might have been caused by this modification of the original agreement, is removed by the undertaking of the Associated Governments to replace ships wherever and however lost.

It is scarcely necessary to repeat the very definite statement contained in the British note of the 21st March as to the conditions with which the Associated Governments will comply in making use of the requisitioned ships. Liberal payment will be made for the use of the ships, which will be insured at generous values. At the end of the war the ships will be returned to their owners or, in case they have been lost from whatever cause, they will be replaced if the owners so prefer, compensation being paid in any case where they are not replaced or returned. In the interval between loss and

replacement, the Associated Governments offer interest at the rate of 6 per cent per annum on the value of the lost ship. As regards vessels leaving Dutch ports after the date of the communication, His Majesty's Government take this opportunity of repeating the assurances given in that note, and as it appears that those assurances have not been fully understood, they now emphasise that their meaning was, as has already been explained to the Netherlands Government, that no Dutch vessel leaving a Dutch home or colonial port after the 21st March would be requisitioned. That was the meaning of the statement that such vessels would not be brought into Allied services otherwise than in agreement with the owners.

M. Loudon will be aware of the fact that the Allied Governments have placed at the disposal of Holland 100,000 tons of grain in North and South American ports.

The communication of the 21st March contained a guarantee that such vessels which the Netherlands Government should send out from Holland to lift this grain would, so far as lay in the power of the Associated Governments, enjoy immunity from delay and detention and receive every facility for bunkering. As it appeared from the note under reply that the despatch of vessels from Holland for this purpose might not at once take place, the Associated Governments, going beyond their original undertaking, have since intimated their readiness to facilitate the carriage to Holland of grain by the steamship *Hollandia* now in Buenos Aires on conditions already communicated to the Netherlands Government. In addition, it is understood the United States Government are making similar arrangements for the carriage to Holland by the steamships *Java* at Savannah and *Juno* at Curaçao, of breadstuffs within the 100,000 tons offered by the Associated Governments.

The Dutch note further alleges that the negotiations for an economic arrangement which provides for the import into Holland of large quantities of food and other necessities had been abruptly terminated by the action of the Associated Governments. On this point His Majesty's Government can only say that they are perfectly willing to continue negotiations for an economic agreement; and if the Netherlands Government desire to make further imports of necessities, over and above the 100,000 tons of breadstuffs already offered, it is open to them to proceed to the confirmation of that agreement. From the 24th December the Associated Governments waited for the reply of the Netherlands Government as to the basis of agreement until the 17th March, three days before the date of the previous British note. There is no obstacle to the continuation of the negotiations at any date, and if those negotiations proceed no further, and no final arrangement is arrived at, the responsibility will not rest with the Associated Governments.

It is now necessary to deal with the legal contentions in M. Lou-
don's note, in view of the violent statements which have been made
in the Netherlands, and some of the arguments which have been used
in the note under discussion. It is true that the British note of the
21st March bases the requisitioning of these ships on the right of
angary, but it appears to make little difference whether the act of
requisitioning is treated as founded on that right or upon the general
right of sovereignty over all persons and property within the
jurisdiction.

It would appear that the Netherlands Government consider the
right of angary to be an ancient rule, which had fallen into desuetude
until it was unearthed by His Majesty's Government as justifying
an arbitrary act on their part. The right is certainly an ancient
one, and its existence has been recognised, though admittedly in
some cases with reluctance, by nearly all writers on international law,
from Grotius downwards. It is sufficient to refer to Bluntschli,
Massé, Vinnius (*ad* Peckium), Bonfils, Calvo, Halleck, Rivier,
Heffter (especially note by Geffcken in the fourth French edition),
Hall, Phillimore, Westlake, and Oppenheim. But if it is suggested
that the right had fallen into disuse and is obsolete, it is fair (with-
out quoting extensively from the many modern writers on interna-
tional law who recognise the right as still existing) to point out that
it was asserted by the German Government and acquiesced in by His
Majesty's Government in 1871; that it is especially mentioned in the
United States Naval War Code of 1900; and that during the dis-
cussions at the Naval War College in 1903, which resulted in the
withdrawal of the Code, it was not suggested that the article in
question required any modification. Further, the right was fully
recognised during the present war, before any cases had arisen of the
requisitioning of neutral ships which were not the subject of Prize
Court proceedings, by the Judicial Committee of the Privy Council
in the well-known case of the *Zamora*.

It is also relevant to point out that the existence of the right is
recognised in a series of treaties entered into by the German Empire
during the second half of the 19th century. The treaties in question
are those with Colombia (1892), Portugal (1872), Mexico (1882),
Honduras (1887), Guatemala (1887), Nicaragua (1896), Costa Rica
(1875), San Domingo (1885), Spain (1883), and Hawaii (1879).
These treaties as a rule provide, not that the right of requisitioning
ships is not to be exercised in the case of ships belonging to nationals
of the contracting parties, but that if it is exercised compensation is
to be paid. Commenting on these treaties, the German jurist, Dr.
Erich Albrecht, in his work *Requisitionen von neutralem Privatei-
gentum, insbesondere von Schiffen*, published at Breslau in 1912, a

work in which the existence of the right in question is fully recognised, writes as follows (p. 44) :—

All the treaties which have been quoted appear to apply not only to the case of a Government using for their own purposes neutral vessels within their own territorial waters and in their own ports, but also to the case of this being done in occupied enemy territory. None of the treaties contain any express limitation to the former case, nor can any such limitation be regarded as implied.

What, then, can we deduce from all these treaties concerning the German view of international law on this point? The only points which emerge are the following. It can certainly not be presumed that the intention was by some of these treaties to place German ships in a worse position with regard to the other contracting states than they would otherwise occupy by international law. We find among these contracting states a number of Central American republics, which, in fact, have a fairly general reputation for unrest and unreliability. It is highly improbable that Germany would have conceded to them more extensive rights in regard to German vessels than would belong to any sovereign state by international law; for, if so, the treaties would represent a one-sided concession on the part of Germany, seeing that it is extremely rare for Dominican and Nicaraguan ships to enter German waters, while German ships frequently call at Central American ports. One may therefore safely assume that it was the intention in these treaties to place these ships in a more favourable position than they would occupy under the provisions of international law, which the German Government hold to be operative.

From this it results that international law, as interpreted by the German Government, does not certainly create a better position for ships than the arrangements contained in the treaties, which, as regards neutral navigation, are exceedingly unfavourable. Hence international law would at the best confer a position not more favourable than that provided for in the treaty with Colombia, which is as follows: "In the exigencies of war, neutral vessels also can be detained in order to be used for the purpose of conducting the war. For the service thus rendered compensation must be paid, but the payment need not be made in advance, nor is it necessary to fix the amount beforehand."

To this it may be added that treaties containing similar provisions were made between France and Spain in 1882, France and San Domingo in 1882, France and Mexico in 1886, Italy and Mexico in 1870, Italy and Guatemala and Honduras in 1868, Italy and Colombia in 1892.

It may also be pointed out that Professor Perels, formerly legal adviser to the German Admiralty, in his book *Das internationale öffentliche Seerecht*, published at Berlin in 1903, fully admits the existence of the right.

In view of the above considerations, the Netherlands Government can hardly maintain that the right which the Associated Governments have exercised is an obsolete one.

The Netherlands Government state that the right is confined to the right of a belligerent to appropriate as an exception a neutral ship for some strategical end of immediate necessity, as, for example, to close the entrance of a seaport so as to hinder the attack of an enemy fleet. Such a limitation would appear to be based on a well-known instance that took place in occupied hostile territory during the war of 1870-71, but it is not borne out either by the definitions given by writers on international law or by the practice of nations. It is certainly not suggested in the modern treaties referred to above. The most frequent example in old times of the exercise of the right was, perhaps, the utilisation of neutral ships to carry a military expedition. A well-known example is the French expedition to Egypt in 1798, when a considerable proportion of the 300 transports which carried the troops were neutral ships which had been taken under the order of the Directorate, providing for the requisitioning of ships in the ports of Civita Vecchia, Nice, Genoa, Antibes, Toulon, Marseilles, Bastia, Ajaccio, and other Corsican ports. Another instance of the recognition of an analogous right is to be found in article 19 of the Vth Hague Convention, dealing with the requisitioning of neutral railway material. In fact, the only instance of the exercise of the right in the limited sense, which alone is admitted by the Netherlands Government, is that referred to above of the sinking of the British coal vessels in the Seine by the German Government in 1871. It may be well, also, to quote as a modern definition of the right that given by Rivier at p. 327 of his work, *Principes du Droit des Gens*, published in 1896:—

On appelle ainsi le droit qu'a le belligérant de s'emparer de choses de tout genre appartenant à des particuliers, notamment de navires, voitures, chariots, pour s'en servir, par exemple, pour transporter des troupes, des armes, des munitions ou pour tout autre usage. Le belligérant qui use de ce droit est tenu d'indemniser le propriétaire; l'indemnité doit, le plus possible, être débattue et fixée par avance.

Le droit d'angarie s'exerce aux dépens des neutres comme aux dépens des particuliers ennemis. C'est même à l'égard des neutres qu'il revêt, [surtout] dans la guerre maritime, une importance particulière.

His Majesty's Government readily admit that in one respect the right may be taken to have been modified in modern times. According to the old practice it was permissible not only to requisition neutral shipping, but to compel the masters and crews, even against their will, to work the ships during their employment in actual military operations. Such compulsion would not be in accordance with modern ideas, and it is, I hope, unnecessary to state that the action of His Majesty's Government does not include any such compulsion on the crews of the Dutch vessels which have been taken over.

The Netherlands Government allege that the measure taken only rests on force. His Majesty's Government would suggest on the other hand that it is, on the present occasion at any rate to the extent to which it has been employed, an exercise of the right of sovereignty. Most of the writers on international law are content to treat the right as existing in usage without attempting to trace it to its original source; but it appears to His Majesty's Government that the real position is well put by Azuni, who says:

Les angaries sont au nombre des prérogatives de la Puissance suprême . . . , ce droit d'angarie est un *droit régalien* dont jouissent les Puissances souveraines dans les cas de nécessité ou d'utilité publique. . . .

A similar objection is made by Calvo.

It is a commonplace that the rights of a sovereign state extend over all property within its jurisdiction, irrespective of ownership, and neutral property within belligerent jurisdiction is, in the absence of special treaty stipulations, as liable to requisition in case of emergency as the property of subjects. If demonstration of this fact were required, it would be afforded by the circumstance that it is not an uncommon provision in commercial treaties that the property of the subjects of the contracting parties shall be exempt from military requisition in the territory of the other. Vessels calling at a foreign port are, in the absence of special treaty provisions, fully subject to the local jurisdiction. A striking example of this is the practice under which such a vessel can be arrested by reason of legal proceedings in the courts of the country which she is visiting, and detained there by order of those courts until the proceedings are finished, or she obtains her release on bail. This being so, it is not surprising that a practice should have grown up of exercising this right in the particular case where the state in question has urgent need of neutral property such as shipping within its jurisdiction, and the fact that the exercise of this right has received a particular name should not obscure the truth that it is a legal exercise of the right of a sovereign state, and not an act by a belligerent based on no principle of law, and for which the only justification is to be found in usage.

His Majesty's Government trust that the foregoing explanation will remove from the mind of the Netherlands Government and the Dutch people any misconceptions that may have arisen as to the proceedings of the Associated Governments in requisitioning Dutch vessels, and that it will be realised that the Associated Governments have done everything in their power to render the action which they have been compelled to take, and which is, in their opinion, fully justified under international law, as little injurious as possible to Netherlands interests.

[LONDON, *April 25, 1918.*]

File No. 763.72/9696

The Netherland Chargé (De Beaufort) to the Secretary of State

[Translation]

WASHINGTON, April 23, 1918.

[Received April 25.]

MR. SECRETARY OF STATE: I have the honor to inform Your Excellency that the Royal Government has decided to send a convoy to the Dutch East Indies to relieve the personnel of the Ministry, transfer the Government officials and their families, and carry military supplies for the colonial army.

The convoy will consist of the following ships: The battleship *Hertog Hendrik* accompanied by a collier for coaling during the voyage. A Dutch merchant vessel transformed into a warship in accordance with the regulations of the seventh convention of 1907 which is to be used in carrying soldiers and a cargo of military supplies. A Dutch merchant vessel convoyed by the above-named battleship and carrying the Government passengers, their families and merchandise belonging to the Government and intended for the Government of the Indies.

The shipment of merchandise and passengers will be closely watched by Government officials. The baggage will also be examined, and private correspondence is forbidden. The vessels will carry neither mail nor post parcels. Merchandise will only be shipped when accompanied by certificates showing their origin in accordance with existing arrangements.

The route taken by the ships will be by the Scotch Islands and the Cape of Good Hope. The sailing will take place in the early days of June next.

Under instructions to inform the Government of the United States of the foregoing I have the honor to have recourse to Your Excellency's kindly good offices to that effect.

Be pleased to accept [etc.]

W. DE BEAUFORT

File No. 656.119/385

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, April 26, 1918, 10 p. m.

[Received (April 27?) 1.06 p. m.]

2390. Your 1127, April 24, 4 p. m. It is impossible not to share your disappointment at the tone of certain of the newspaper comment to which you refer. Some of the pro-German papers have naturally criticized and cast doubt on our good faith and some of the generally fair papers have let themselves go a bit. There is of course a deep-seated resentment against us for the seizure of their

ships. But these outbursts do not represent public opinion, which has welcomed our offer, nor do they represent private opinion of some members of the Government and of many of leading men of Holland who have let it be known how they deprecate these attacks. Publicly, however, for reasons connected with fear of Germany the Government seems to think that it must show that it has in no wise acquiesced in the forcible requisition of Dutch vessels or made up to the countries which carried out that measure. Perhaps also because they may want written guarantees from Germany, they must insist on having them from us in order to be perfectly neutral and to give not the slightest excuse to German duplicity, supposing Germany would think it worth while to wait for an excuse.

Our intentions have been impressed upon the Dutch people but it cannot be overlooked that there have been some features of our actions which can only be understood and appreciated here after a suitable time has elapsed.

Announcement in a press despatch, dated New York, that you were considering the withdrawal of our offer to let three ships leave with grain for Holland is referred to as a threat by one important paper, but in fact is hardly noticed. The attention of [*tension with*] Germany, which is indicated in my telegrams of the last few days,¹ is turning every critic away from us, and Dutch nerves are at a tension which may not be far from breaking point. In your note of April 12, your 1102,² you said that arrangements were being perfected to tender to the Netherlands Government other commodities which they desire to promote their national welfare, and for which they might freely send their ships, and in your 7130, April 3, 5 [7] p. m.,³ to London you said: "We are of the opinion that the time is now appropriate to offer to Holland substantially all of the commodities which she would have secured under the general rationing agreement." I ask you to make or authorize me to make a straightforward offer of a quarter's rations in the line of the above suggestions and to insist on British agreement if that is necessary. I am told that [London] will agree to what you want if you sufficiently insist. I think we can negotiate for what the British want afterward, but that we should make the offer at once and without restriction and couple with it a renewal of our statement that ships sent from Holland or Dutch colonial ports to fetch these goods will be free from detention and will be freely bunkered and [given] a comprehensive guarantee against requisitioning such as you mentioned in your 1122, April 22, 6 p. m.⁴

GARRETT

¹ Nos. 2371, 2381, 2383, *post*, pp. 1797, 1798, and 1799, respectively.

² See footnote 1, *ante*, p. 1458.

³ *Ante*, p. 1449.

⁴ *Ante*, p. 1467.

Assurances Given to the Netherland Government against Further Requisitioning of Ships—Renewed Consideration of Rationing Proposals—Arrangements for the Sending of Ships to the Netherlands upon Others Coming in Exchange—German Requirement of Safe-Conducts—Arrangements Regarding the Crews of Requisitioned Ships

File No. 656.119/396

The Secretary of State to the Netherland Chargé (De Beaufort)

No. 403

WASHINGTON, April 26, 1918.

SIR: I have the honor to acknowledge the receipt of your note of April 20, in which you inform me of the desire of the Netherlands Government to secure from the Government of the United States formal assurances that from March 20 no vessel flying the Netherlands flag will be seized or detained in a port of the United States.

In this connection I have the honor to inform you that the Government of the United States considers itself bound by the assurances given to the Netherlands Government by the British Government according to which the Associated Governments undertook not to requisition Netherlands ships leaving a Netherlands port after March 20.¹

I am sure you will not fail to realize the impossible situation which would at once be created, should this Government give unqualified assurances against the detention, as distinguished from the seizure, of any Netherlands ship in a United States port after March 20. The giving of such assurances would nullify, so far as Netherlands ships are concerned, the regulations which this Government has adopted to enable it to supervise shipping touching at United States ports. It is to be presumed, however, that the Netherlands Government in making its request for formal assurances against seizure and detention of Netherlands vessels does not intend to suggest the making of exceptions to those rules and regulations governing shipping, the adoption of which has been imposed upon the United States by the war. I trust, therefore, that the assurances to refrain from using Netherlands ships leaving Netherlands port after March 20 without the consent of the owners, which this Government regards as being unequivocally binding upon it, will satisfy the Netherlands Government and will serve to allay any ill-founded fears which may have been entertained in this connection.

Accept [etc.]

ROBERT LANSING

¹In a note of May 18 the Secretary of State added that "the expression 'Netherlands ports' as used in my note of April 26, includes Netherlands colonial ports." (File No. 656.119/477.)

File No. 656.119/433

The Netherland Chargé (De Beaufort) to the Secretary of State

[Translation]

WASHINGTON, April 27, 1918.

MR. SECRETARY OF STATE: I have the honor to acknowledge the receipt of Your Excellency's note which you were pleased to address to me under date of April 26 last relative to the assurances that the Government of the United States is ready to give a guarantee to Dutch vessels against seizure and detention by the American authorities.

In transmitting to my Government the contents of the said note, I reported that the Department of State had told me that it would send me as soon as possible another note containing an answer fully covering my request to the Government of the United States for a formal assurance that on and after March 20 last no vessel under the Dutch flag would be seized in a port of the United States. The above-mentioned note of Your Excellency spoke only of an assurance against the seizure of Dutch vessels leaving a Netherland port after the 20th of March.

I indulge the hope that Your Excellency will kindly enable me to transmit to my Government in the very near future, if possible, the formal assurance of the Government of the United States guaranteeing all vessels under the Dutch flag in a port of the United States against seizure by the American authorities after the 20th of March.

I avail myself [etc.]

W. DE BEAUFORT

File No. 656.119/388

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, April 26, 1918, 6 p. m.

[Received April 27, 1.55 a. m.]

9737. War Trade Board [from Sheldon]:

No. 485. My 470.¹ Following is the text of proposed joint declaration which, if you approved, it is planned that the Allied Ministers of The Hague shall give to the Netherlands Foreign Office:

The Associated Governments hereby declare that they have ceased the requisitioning of Dutch vessels. Further they declare that notwithstanding the greater world shortage, they continue ready, subject to the terms of the basis of agreement, negotiated with the Netherlands delegates in December last, to facilitate the importation by the Netherlands in Dutch [vessels] of the commodities specified in that document. Among those commodities are bread cereals, including rice, sago, tapioca, starch, and malt. Following in thousands of tons: malt 400, coffee 35, mineral oils 140, copper 4, jute 5, cocoa 8, tea 5, tin 1, kapoc 1, and tanning materials 13,400, hemp

¹Not printed.

3,500. Similarly 100,000 tons of coal per month,¹ [including coal tar pitch, will be licensed from the United Kingdom. Already 100,000 tons of the above cereals have been placed at Holland's disposal in the Americas and arrangements are being made for their shipment in Dutch vessels.

Dutch ships sent to lift the commodities specified will, in accordance with the terms of the proposed basis of agreement above referred to, receive bunkers and be cleared with the utmost possible despatch. The amount of Dutch tonnage now in Dutch waters is believed to be more than sufficient for this purpose but if the contrary proves to be the case the Associated Governments are ready to make up the difference in order that the] tonnage allocated for Dutch requirements may be brought up to the figure decided on in the proposed basis of agreement. In making this declaration the Associated Governments understand that the arrangements for carrying on the relief work in Belgium and northern France will be facilitated and not interfered with by the Netherlands Government.

It is believed that the translation [*declaration*] that the Governments have ceased requisitioning vessels will cover the objections pointed out in your telegram No. 345.² The statement that the Associated Governments will be ready to meet any deficiency in tonnage should the boats in Dutch waters be insufficient for lifting rations, was contained in the Foreign Office note to The Hague, March 21,³ latter part of clause 10. If you approve this declaration please cable immediately and notify Garrett to present same when he receives it and confer with his colleagues as to the advisability of publishing it in the papers. I will telegraph Garrett the text as soon as you approve. I think it important that our censorship should use great care in what Reuter is permitted to send to this side which is likely to create further discussion of the Dutch situation regarding food and ships. As an example the Reuter quotation of Associated Press telegram from Washington, D. C., stating that three ships with grain would be withdrawn owing to hostile comment in Dutch press.

PAGE

File No. 763.72/9696

The Secretary of State to the Netherland Chargé (De Beaufort)

WASHINGTON, April 29, 1918.

SIR: I have the honor to acknowledge with thanks the receipt of your note of April 23, 1918, with respect to the decision of the Royal Government to send a convoy to the Dutch East Indies in June next, for the purpose of relieving the personnel of the Ministry, transfer-

¹ Bracketed passages which follow were badly jumbled in transmission, and have been rearranged to show proper relationship.

² *Ante*, p. 1465.

³ *Ante*, p. 1420.

ring Government officials and their families and to carry military supplies for the colonial army.

Accept [etc.]

For the Secretary of State:

WILLIAM PHILLIPS

File No. 656.119/393

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, April 30, 1918, 12 a. m.

[Received 4.13 p. m.]

9781. War Trade Board [from Sheldon]:

No. 502. My 485. Foreign Office requests no steps be taken publishing the declination [*declaration?*] without further consultation with them. They believe publication should be postponed until Dutch-German position is clear.¹

PAGE

File No. 656.119/432

The Netherland Chargé (De Beaufort) to the Secretary of State

WASHINGTON, May 4, 1918.

SIR: I have the honor to accept the recent proposition of the United States Government concerning the three ships which will leave [for] the Netherlands loaded with grain.

This proposition is understood by my Government as follows:

The Netherland ships *Java*, *Stella* and *Hollandia* will leave for the Netherlands loaded with grain, upon three ships of equivalent tonnage leaving the Netherlands, of which two will proceed to United States ports and one to Buenos Aires. The three last-mentioned ships will upon their arrival be enabled to load grain of the amount which has been placed at the disposal of the Netherland Government and they will receive all the facilities for their return to the Netherlands upon the *Java*, *Stella* and *Hollandia* or equivalent tonnage returning from the Netherlands.

Please accept [etc.]

W. DE BEAUFORT

File No. 656.119/388

The Acting Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, May 4, 1918, 5 p. m.

7585. For Sheldon [from War Trade Board]:

No. 422. Your No. 485, Embassy No. 9737, April 26, 6 p. m. We approve of the declaration proposed to be made to the Netherlands, with the following understanding and exceptions:

¹ See *post*, pp. 1797 *et seq.*

1. We assume that the ration proposed to be offered is that without feeding stuffs. We strongly oppose the inclusion of this item in the proposed ration.

2. In respect of bread cereal we feel that the item of 400,000 is very excessive, in view of the fact that it is understood existing stocks in Holland will suffice until July. If proposed ration were to cover period until the harvest following the coming harvest, then the figure might be reasonable, but we doubt the advisability of attempting at the present time to fix a ration for such a period as we cannot judge accurately as to the character of the coming harvest. We feel that in respect of bread cereal the Associated Governments should content themselves with reaffirming the existing offer of 100,000 tons and expressing their willingness to consider favorably further imports if developments show this necessary.

3. We regard it as essential that the understanding regarding Belgian Relief include a clearly expressed intention on the part of the Netherlands to set aside for use of Belgian Relief surplus tonnage, if any, in her ports, up to 100,000 tons. While the proposed general agreement contemplated this, it does not seem to us clear from text of proposed declaration that this must become an obligation of the Netherlands since the clause regarding tonnage for Belgian Relief was a part of the tonnage portion of the agreement which will not become effective.

4. With regard to the phraseology you suggest relative to requisitioning of Dutch ships, we would prefer to say that Associated Governments have now no intention of requisitioning further Dutch ships. We fear language you suggest would be construed as permanent guarantee against requisition. We do not feel that situation arising as result of German demands on Holland should be allowed to influence us to give any such sweeping guarantee as we do not believe German belligerent intentions would be modified by an extension of our guarantee beyond our position set forth in our 378, Department's 7379, April 22.¹ We also call to your attention the fact that it is the Dutch ships not covered by existing guarantee which are now chartering to us most freely. It is the ships as to which we have given explicit guarantees which are lying idle. We do not feel therefore that an extension of existing guarantee is necessary to put Netherlands tonnage in neutral ports into active service. State Department has been asked by Dutch Chargé in Washington for formal guarantee against requisition for all Dutch boats not already requisitioned. Guarantee has been given along lines of our 378 but no further up to the present time.

PHILLIPS

¹ Not printed.

File No. 656.119/410

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, May 4, 1918.

[Received 7.30 p. m.]

2457. Note from Minister Foreign Affairs dated yesterday reads:

In your communication of April 13¹ you communicated the terms under which your Government intends to employ Dutch vessels seized in American ports. I have informed you of the views of Her Majesty's Government in regard to the legality of this measure, consequently I am able to limit myself in the present communication of transmission of observations of the interested parties to whom I forwarded your above-mentioned letter. These persons draw attention to the manner of payment of the indemnity which will be accorded them. They have received the impression from your letter that the payments which are due to them will be made in sterling. According to a rough calculation, payments due alone will amount to about £1,200,000 per month; namely, about £14,500,000 per year. It is to be foreseen that these payments will cause the rate of exchange of pound sterling and dollar to fall to such an extent that shipowners will receive in florins only an amount which is not to be compared with that which Associated Governments intended to give them at moment of seizure of vessels. They consider, therefore, that minimum on which they should be able to rely is, that payments should be made in Holland at daily rate with minimum of ten florins per pound sterling and two florins ten per dollar. Furthermore they would like to obtain confirmation of following: (a) that hire is a net sum consequently free from all taxes, commissions, etc.; (b) that "ton dead weight" mentioned in paragraph 3 is "ton dead weight according to displacement scale"; (c) scale of values mentioned in paragraph 5 will be communicated to owners as soon as possible. As regards paragraph 5, the persons interested wonder if there has not been an omission in the text and if it was not intended to state that the interested Governments at option of owner "will pay the value of the vessel" or will replace it as soon as possible as has been expressly stipulated in previous communications.

Owners would like to obtain also assurance that bunker coal stores and supplies as well as the private property of the captains, officers, engineers, and members of crew which were on board at time of seizure of vessel will be paid for at the same time as first monthly payment of the hire.

In communicating the observations of the owners I have the honor to add that Her Majesty's Government considers that the requests formulated are just and accordingly I venture to support them.

GARRETT

¹ See telegram No. 2309, Apr. 13, from the Minister in the Netherlands, *ante*, p. 1463.

File No. 656.119/433

The Secretary of State to the Netherland Chargé (De Beaufort)

No. 12

WASHINGTON, May 9, 1918.

SIR: I have the honor to acknowledge the receipt of your note of April 27, in which you give renewed expression to the desire of the Netherlands Government to secure from the Government of the United States unqualified assurances against any future seizure of ships flying the Netherlands flag.

The Government of the United States is glad to be able to give to the Netherlands Government the assurance that from March 21, no Netherlands ship will be requisitioned in a port of the United States and to declare that at the present time the thought of such action against any ship flying the Netherlands flag is not even entertained by this Government. None the less the Government of the United States would be found wanting in candour towards the Netherlands Government should it fail to point out that, while such an eventuality is indeed difficult to imagine, it is yet conceivable that the United States might in the future be confronted by a military situation of such gravity as would compel this Government once more to exercise the undoubted right which pertains to its sovereign authority to requisition Netherlands vessels within its jurisdiction.

Accept [etc.]

ROBERT LANSING

File No. 656.119/434

The Secretary of State to the Netherland Chargé (De Beaufort)

No. 13

WASHINGTON, May 10, 1918.

SIR: In your note to me of May 2, 1918,¹ you refer to my note to you of April 26, 1918, and inquire as to what are the regulations which I refer to as having been adopted by my Government to enable it to supervise shipping touching at United States ports. You further state that your Government in asking for an assurance against detention of Netherlands ships, desires to obtain absolute certainty that Netherlands ships will always be enabled to return to a Netherlands or Netherlands colonial port.

In a note to me dated May 3¹ you supplement your note of May 2 by stating that you assume that the regulations which my Government has adopted to enable it to supervise shipping touching at United States ports, only apply to import, export and bunker licenses; the latter in so far as it has been enforced on Dutch shipping since last February.

In reply to your two notes above referred to, I have the honor to inform you that the regulations referred to as adopted to enable

¹ Not printed.

my Government to supervise shipping touching at United States ports include all those laws, proclamations, orders, regulations and rules applicable to neutral shipping in a port of the United States. There are thus included not only export and import regulations and bunker regulations but also customs regulations, port rules, naval restrictions and other provisions to which neutral shipping in a port of the United States is required to subject itself. These regulations being designed to insure that the port facilities and resources in general of the United States are used only in a manner consistent with the national interest of the United States, my Government is not prepared to waive these regulations in favor of shipping flying the Netherlands flag. I am, however, glad to assure you that all of these regulations will be applied to Netherlands shipping in a manner so as to interfere as little as is possible, consistently with the national interests of the United States, with the normal activities of Netherlands shipping, and in particular I assure you that bunker regulations will be applied so as to permit ships of Netherlands registry which were in Dutch ports on March 20, and which may thereafter come to a port of the United States, to return to a Dutch port. To this extent Netherlands ships will be freely bunkered and may be assured of facilities for return to a Netherlands port in ballast even if, in the case of unexpected difficulties, it may not be possible to facilitate the shipment of goods on such ships. While my Government is prepared to give these assurances relative to insuring that such Netherlands ships coming to a port of the United States from a Dutch port will be enabled to return to a Dutch port, my Government is not able to agree in advance that Netherlands ships may avail of bunkers supplied by my Government to call at any ports of their choice *en route*, but my Government will be prepared to consider this aspect of the matter in individual cases as they arise.

I believe you will find that the inquiries contained in your note to me of May 8, 1918,¹ are fully covered by the foregoing.

Accept [etc.]

ROBERT LANSING

File No. 656.119/473

The Netherland Chargé (De Beaufort) to the Secretary of State

WASHINGTON, May 10, 1918.

SIR: I have the honor to inform you that the Netherland Government wish the Netherland steamships *Jason*, *Cornelis*, and *Amsteldyk*, the charters of which expire shortly, to sail for Argentine in order

¹ Not printed.

to load there grain for the Netherland Government. These ships can eventually take a cargo from a United States port to Argentine.

I would very much appreciate if you would kindly let me know if said ships will be able to obtain the necessary bunkers for their voyage to Argentine and back to the United States.

As soon as final clearance from a United States port to Holland is granted, ships of equivalent tonnage will leave Holland.

Please accept [etc.]

W. DE BEAUFORT

File No. 611.56d9/12a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, May 11, 1918, 7 p. m.

7707. For Sheldon [from War Trade Board]:

No. 466. We have been authoritatively informed that Dutch colonial export control is, with a view for such control, to be used as a weapon in negotiating with United States for let-up on our import restrictions where they affect Dutch East Indies. Dutch colonial Government has expressed desire to negotiate at once through Dutch Legation upon trade with United States and market for their goods. Our agreement that Netherlands should have sufficient ships for their colonial trade may embarrass us in the exercise of our import restrictions applied to this trade, as import restrictions program is a measure designed to secure additional tonnage. We desire your opinion as to wisdom of our entering upon such negotiations here. We think it would be better that they should form part of a general negotiation but we are unaware that any such negotiation is now pending and we feel that entire Dutch situation must be promptly threshed out and a definite offer made to the Dutch along all lines of interest to them.

LANSING

File No. 656.119/451

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, May 13, 1918, 4 p. m.

[Received 7.15 p. m.]

10022. War Trade Board [from Sheldon]:

No. 572. Your 466, Department's 7707, May 12, 2.45 p. m. [May 11, 7 p. m.] I am informed that there is some prospect of the Dutch being willing to reopen negotiations for a general agreement and have asked the Foreign Office what news they have on this point. If this proves to be the case think it would be unwise to start independent negotiations regarding Dutch colonial trade. The Foreign

Office has suggested that I telegraph you asking that you give no definite declaration in regard to future requisitioning of Dutch ships without consultation with them.

PAGE

File No. 656.119/473

The Secretary of State to the Netherland Chargé (De Beaufort)

No. 16

WASHINGTON, May 15, 1918.

SIR: I have the honor to acknowledge receipt of your note dated May 10, 1918, in which you inquire as to whether the Netherlands steamships *Jason*, *Cornelis* and *Amsteldyk* may obtain the necessary bunkers to proceed to Argentine in order to load there grain for the Netherlands Government.

In a memorandum handed to you under date of April 26, 1918,¹ dealing with the steamships *Hollandia*, *Stella* and *Java*, reference was made to the repeated assurances heretofore given to your Government that Netherlands vessels lying in Netherlands European ports, if sent to lift foodstuffs offered to be placed at the disposal of the Netherlands Government, would when engaged in such service receive all facilities which the Government of the United States could offer. It was further pointed out that the offer of the United States Government relative to the steamships *Hollandia*, *Stella* and *Java* did not fall within the terms of this general proposal. Nevertheless, this Government consented to an exceptional procedure whereby six shiploads of grain might be dispatched to Holland in part through the utilization of vessels not lying in Netherlands European ports. It was suggested, however, that further supplies of bread cereal should be obtained through the lifting of such supplies by vessels dispatched from the Netherlands expressly for this purpose, the United States Government understanding that there is in Dutch European ports a large amount of Dutch shipping which could be utilized in the manner suggested.

In reply to your note of May 10, I have the honor to inform you that the Government of the United States adheres to the position set out in its memorandum of April 26, 1918, above referred to. The Government of the United States cannot consent to supply bunkers to send the steamships *Jason*, *Cornelis* and *Amsteldyk* to Argentine and thence to the Netherlands with grain, when there are lying idle in Dutch European ports very large amounts of Netherlands shipping which at any time since March 20, 1918, could have been, and which at any time may be, sent to lift the bread cereals offered to be placed at the disposal of your Government, in which service these

¹ Not printed.

vessels would receive bunkers and such other facilities as the Government of the United States can offer and be free from requisition under assurances heretofore given.

Accept [etc.]

ROBERT LANSING

File No. 763.72112Sa/-

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, May 16, 1918, 5 p. m.

[Received May 17, 11.16 a. m.]

2637. According to Dutch press on April 27, German prize ordinance, article 55(c), was revised as from that day to read (translation):

A neutral vessel henceforth is considered engaged in enemy war activities as far as circumstances to the contrary do not prove otherwise, if the country whose flag the vessel bears has made a contract with an enemy country regarding destination, granting of shipping space or if a preponderating part (*der überwiegende Teil*) of the fleet [of] that neutral state is in enemy service.

This announcement has aroused considerable angry Dutch criticism, notably *Handelsblad* declares that new rule will apply to all Dutch vessels in all trades whatsoever on account of fact Holland entered into agreement with Allies last January in making *modus vivendi* and that if a Dutch vessel attempts to sail seas without German letter of assurance, it will be treated as if it were in danger zone.

While Dutch shipping circles do not apparently feel that the above ordinance is aimed primarily at Holland, less than half of whose fleet is in Allied service, particularly on account of non-carrying-out of *modus vivendi*, the effect of it is taken to be that German letters of assurance will have to be carried by all Dutch vessels. I understood from well-informed source that [arrangements recently reached] between Holland and Germany for issue by Germans in the near future of such letters. Capital should be made of the above situation by denouncing Germany's illegal pretensions.

GARRETT

File No. 656.119/481

The Netherland Chargé (De Beaufort) to the Secretary of State

[Translation]

WASHINGTON, May 20, 1918.

MR. SECRETARY OF STATE: I have the honor to transmit herewith to Your Excellency a note of my Government, dated May 13, about the requisition of Dutch vessels in United States ports.

I beg leave to add, in reply to an oral inquiry of the State Department, that the Royal Government has no objection to the publication of the notes exchanged between that Government and the Government of the United States, on the subject of the requisition of Dutch vessels, provided that the publication shall also include the note herein enclosed.

Be pleased to accept [etc.]

W. DE BEAUFORT

[Enclosure—Translation]

The Netherland Ministry of Foreign Affairs to the Department of State

The Queen's Government has had the honor to receive the note of the Secretary of State of the United States of April 14 [12].

Having made the earlier declarations which it can not but maintain, the Netherlands Government will confine itself to offering the following few remarks. It will not again point out the inaccuracy of the information upon which the American Government had based its conclusions, an important point which its note passes over in silence.

The American Government declares that its right—styled right of *angaria*—is unquestionable, but does not disprove that that right, if it be one, never did or could be applied to a whole fleet of merchant vessels which entered in good faith the ports of a belligerent or that such a seizure of alien property could not be justified by the need felt by that belligerent to augment at any moment its own tonnage reduced by war losses. That essential point is also passed over in silence.

The American Government again seeks to justify the seizure of the Dutch ships by alleging that the Netherlands were not in position to conform to the terms of the *modus vivendi* concluded in January for the sailing of the Dutch vessels pending the conclusion of a final arrangement. Such was not the case as has been explicitly shown by the Netherlands Government. The execution of the *modus vivendi* though delayed mainly by the defective transmission of cablegrams was making fair progress, the ships were nearly all chartered, some were already at sea when the Associated Governments in return for an advance of 100,000 tons of wheat asked by the Queen's Government for the food consumption of the people of the Netherlands unexpectedly demanded, first, to have vessels aggregating more than a half million tons placed at their disposal, and then 24 hours later, added a clause further requiring those vessels to be employed in the danger zone, contrary to the condition expressly stipulated in the London preliminary negotiations, contrary also to the principles of

neutrality in so far as it would bring into play a service of transportation and supplies for one of the belligerents.

In ascribing to Germany's interference the delay experienced in carrying out the *modus vivendi* the American Government confounds the provisional with the final arrangements. With respect to the *modus vivendi*; Germany objected to other ships being sent in exchange for those which, on the special request of the Netherlands should bring from America cargoes for the Relief Commission, but that was not an essential point in the *modus vivendi* and the said objection did not otherwise hamper the execution of that provisional arrangement whose sole object was to utilize Dutch vessels between overseas ports to the very advantage of the Associated countries themselves. As for the final arrangement it is true that Germany at first objected to Dutch vessels leaving the Netherlands in exchange for those which might come to the Netherlands from America, but she finally made concessions on that point which opened a way for an understanding between the Netherlands and the Associated Governments. Such an understanding, however, could not be arrived at because of the above-mentioned condition thereto attached by the Associated Governments which was inconsistent with the neutrality of the Netherlands.

The free use of Dutch vessels in the trade with the United States was not, as alleged by the American Government, interrupted by the submarine warfare, as the Dutch vessels in America could very well navigate the seas out of the danger zone and reach the Netherlands by taking the free lane.

Besides, no matter what injuries are done to a neutral by one of the belligerents, those ways could in no wise justify an act of violence on the part of the other belligerent to the detriment of that neutral.

The Netherlands Government is unable to believe that the American Government can seriously wonder at the deep resentment aroused throughout the country by the measure complained of and the manner of its execution. In the eyes of the Government and people of the Netherlands that attitude is unwarranted and inconsistent with the traditional friendship uniting the two nations.

THE HAGUE, *May 13, 1918.*

File No. 656.119/488e

The Secretary of State to the Minister in the Netherlands (Garrett)

[Telegram]

WASHINGTON, *May 20, 1918, 6 p. m.*

1222. You may informally advise the Minister of Foreign Affairs that this Government, in view of its offer to place at the disposal of the Government of the Netherlands 50,000 tons of bread cereal in

United States, has been endeavoring to accumulate such bread cereal at convenient ports in order that there might be as little delay as possible when ships from Dutch ports would reach here for the purpose of lifting such cereal. We are in position today to supply at once at ports 15,000 tons of such cereals. We can not, however, maintain this situation indefinitely, and suggest that if delay in loading Dutch ships is to be avoided in the future Dutch ships should promptly be dispatched from Netherlands ports and this Government advised as to their probable dates of arrival. Report result of informal conference promptly.

LANSING

File No. 656.119/482

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, May 22, 1918, 7 p. m.

[Received May 23, 8.37 a. m.]

2828. I had an informal conversation with the Minister for Foreign Affairs today on the subject of your 1222, May 20, 6 p. m. He says he will consult his experts and let me know in a day or two as definitely as he can when Dutch ships may be expected to arrive to lift grain. He added that Gevers¹ informed him this morning from Berlin that the two ships to replace *Juno* and *Stella* would probably get German permits without trouble, and Loudon professes to be only waiting to hear from Beaufort that *Juno* and *Stella* have received their clearance papers before despatching these replacing ships. This also applied to *Frisia*, which I learn from another source is to replace *Hollandia*. See your 1170, May 8, 6 p. m.² Loudon intimated that Germany is making conditions which will prevent the despatch of more than a few Dutch ships.

Could you advise me how soon *Juno* and *Stella* are expected to leave?

GARRETT

File No. 656.119/488

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, May 24, 1918, 6 p. m.

[Received May 25, 2.58 a. m.]

2881. Your 1254, May 22, 6 p. m., received today.² Press despatch as quoted by you gives a correct statement. It is announced that the convoy will sail on June 5, composed of *Hertog Hendrik*, the auxil-

¹ Netherland Minister in Germany.

² Not printed.

iary cruiser *Tabanan* and the steamship *Noordam*. The convoy is said to be bound for Netherlands India [*Indies*] with enough coal to carry through without entering foreign ports. The British Minister tells me that he has formally protested by instruction of his Government against the sailing of the convoy, informing the Dutch Government that Great Britain would not recognize it but would exercise the right of search on the high seas if necessary. He adds that Loudon told him that he had telegraphed the Dutch Minister at London in regard to the whole matter. Townley says he does not know the nature of this telegram but, as it went a week or more ago and no further word has come from his Government, he supposes it must have been satisfactory.

GARRETT

File No. 656.119/614

The Netherland Chargé (De Beaufort) to the Secretary of State

WASHINGTON, May 25, 1918.

[Received May 27.]

SIR: I have not failed to convey to the Netherland Government the contents of your letter of the 15th instant, No. 16, by which you inform me that the Government of the United States adheres to its position set out in its memorandum of April 26, 1918,¹ and cannot consent to supply bunkers to send the steamships *Jason*, *Cornelis*, and *Amsteldyk* to Argentina and thence to the Netherlands with grain.

With a view to this communication the Netherland Government wishes clearly to define how it understands the position of these ships.

The United States Government has repeatedly declared that it made use of its right as a belligerent, to wit the *jus angariae*, only to requisition neutral ships within its jurisdiction. The proclamation of the President of March 20 last states without reserve that his authority only extends to ships within the jurisdiction of the United States. As the three above-mentioned ships were not within the jurisdiction of the United States at the time of the seizure, they are excluded therefrom and remain at the disposal of the Netherland Government in order to be used in accordance with the desires of that Government. Following this train of thought my Government informed me of its desire to send these ships to Argentina to lift on its behalf a cargo of grain. The United States Government replies to the request to supply these ships with the bunkers required for this voyage with a reference to its memorandum of April 26, which

¹ Not printed.

contains no clear indication as to the exact position of the ships in question.

Resuming, I beg to say that my Government considers these vessels as being exclusively at its disposal from the time their respective charters to the United States Government have expired.

I am instructed to inform you of my Government's standpoint as set forth above and which—judging from the presidential proclamation—would in this matter correspond with the standpoint of the Government of the United States. Furthermore my Government wishes me to observe to you in this connection that by the wholesale requisition of Netherland ships the Government of the United States has taken possession of a far larger amount of tonnage than would have been placed at the disposal of the Associated Governments on the basis of the agreement negotiated between these Governments and the Netherland Government.

I shall be glad to convey to my Government any observation you may wish to make in regard to the subject of this letter.

Please accept [etc.]

W. DE BEAUFORT

File No. 763.72112/8769

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, May 25, 1918, 11 a. m.

[Received 4.58 p. m.]

2885. My 2637, May 6 [16], 5 p. m. I understand that the Dutch Government recently addressed to the German Government an inquiry as to whether new German prize ordinance, section [article] 55(c), applied to Dutch shipping. What appears to be a statement of the official German position appears in Dutch press; substance follows:

German prize ordinance 55(c) does apply in its entirety to Dutch shipping. Position taken by Germans is that so-called dismantled shipping—that is, ships which are not working—do not count, thus tonnage now in Dutch ports is deducted in making a calculation as to what portion Dutch fleet is in enemy service. Thus it is calculated that the greater part Dutch shipping is sailing in Allied service. There is no question of attack without previous warning or of destruction outside barred zone. Difficulties with Germany cease to exist if arrangement is arrived at concerning conditions upon which Germany is prepared to furnish Dutch vessels with letters of safe conduct for voyages in advance. Negotiations are under way regarding these conditions.

GARRETT

File No. 656.119/491

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, May 27, 1918, noon.

[Received 7.45 p. m.]

2915. Your 1282, May 25, 3 p. m.¹ Following statement concerning treatment of Dutch crews as agreed upon by British and American Governments was communicated to me by Stevens:

1. With regard to the [members of] Dutch crews there is no reason why they should [not] have their private effects and books. Instructions have been issued to see that this is arranged. Where petty officers own sextants, chronometers, or other articles necessary for the navigation of the ship, these will be retained and compensation paid therefor.

2. Government will pay the members of Dutch crews their full wages up to the time of their repatriation or up to the time at which by signing on other steamers or otherwise they waive their right to be repatriated.

3. The United States Government will accept the insurance liabilities for the Dutch crews on the Dutch basis until such time as they are repatriated or waive their right thereto. If the Dutch basis includes a right to a pension on the part of widows, the United States Government will accept this liability.

4. The United States Government will be prepared in addition to the foregoing to pay one month's wages after repatriation to all members of the crews.

This statement differs from your 1282, but more nearly resembles instructions received by British Minister here. Am holding up notice to Foreign Office pending the receipt of more definite instructions and in order to save time have telegraphed Stevens to explain discrepancies if possible.

GARRETT

File No. 656.119/491

The Secretary of State to the Minister in the Netherlands (Garrett)

[Telegram]

WASHINGTON, May 31, 1918, 6 p. m.

1330. Your 2915, May 27, noon. Statement communicated to you by Stevens and quoted in your cable is approved and should be transmitted to Foreign Office instead of statement contained in Department's 1282, May 25, 3 p. m.¹

LANSING

¹ Not printed.

File No. 356.11/378

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, May 31, 1918, 1 p. m.

[Received June 1, 6 a. m.]

2980. Minister for Foreign Affairs answered fully, May 27, interpellation relative to Netherlands Government relenting [*protesting*] against new clause German prize code article 55(c) described in my 2637, May 16, 5 p. m. He said in substance that before protesting he had inquired of German Government whether new rule applied to Dutch vessels; that he had expected negative answer as Holland had not entered into agreement with Germany's enemies for granting shipping space and as less than half Dutch fleet was in enemy service, that he had told German Government that in his opinion this article, which relates to neutral vessels, should apply only to those vessels actually in neutral service. Therefore, in calculating portion of tonnage in the service of Germany's enemies, vessels requisitioned would not be included; that he further told German Government that even if "mercantile marine of a neutral" were not so interpreted, less than half Holland's fleet was in enemy service.

Reply to foregoing was same as report contained in my 2885, May 25, 11 a. m.

Minister for Foreign Affairs further stated that as new clause in article 55(c) appeared aimed directly at Dutch shipping, he immediately instructed Gevers to protest, requesting him to point out that new clause created supposition of lending aid to our [*the*] enemy; that this supposition was void of any ground in international law. Minister for Foreign Affairs referred to this reversal of onus of proof as [*being*] wholly unreasonable; further, he had had Gevers state that the rule went into effect ill-timed without making allowances for vessels which had sailed without being aware of new rule.

Gevers was instructed to say that due note had been taken of the German Government's statement that difficulties would be removed upon an arrangement being come to regarding furnishing of Dutch vessels with safe conducts, so that in practice Dutch vessels would not be affected by this alteration of the prize regulations; that nevertheless Netherlands Government considered its duty to object to new regulations on principle, for injustice of it would not be removed by attitude of German Government, no matter how accommodating it might be.

In the meantime, several Dutch vessels have been taken in by Germans, apparently solely because were not in possession of German letters of assurance; see my 2741, May 20,¹ for example.

¹ Not printed.

Apparently negotiations with Germany have not yet reached point where granting German letters of assurance is agreed to in principle, for such letters have not yet been issued for the three vessels leaving in exchange for the three bringing grain from America. However, Foreign Office expects letters of assurance for these vessels in very near future. *Nieuw Amsterdam* seems covered by special arrangement.

GARRETT

File No. 656.119/505

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, June 3, 1918, 12 noon.

[Received 3.29 p. m.]

3000. Your 1343, June 1, 6 p. m.,¹ received today. Minister for Foreign Affairs writes me *Hector* and *Zijldijk* have now received the German safe conducts and are sailing today simultaneously with the *Java* and *Stella* from America.

GARRETT

File No. 656.119/410

The Acting Secretary of State to the Minister in the Netherlands (Garrett)

[Telegram]

WASHINGTON, June 4, 1918, 8 p. m.

1391. You are instructed to communicate the following to the Netherlands Minister of Foreign Affairs in reply to the note the text of which was contained in your 2457, May 4:²

I have transmitted to my Government your note, dated May 3, in which you communicated certain observations of interested parties upon the terms of employment offered by the United States to owners of Holland vessels recently put into service for war purposes. I am instructed by my Government to reply to these observations as follows:

My Government cannot undertake to pay monthly compensation for the use of the vessels, upon the scale communicated to you in my note of April 13, except in dollars or pounds sterling. My Government's proposal has been that the hire be paid monthly, in the United States, in American currency. Since the monthly rate was stated in shillings, a fixed exchange rate of \$4.75 per pound sterling was proposed, in order that the stated rate could be conveniently expressed in dollars. It has never been contemplated, either in previous negotiations looking to a voluntary charter of Dutch vessels, nor in agreements for chartering vessels of other neutral nations, that the United States should assume the risk of fluctuations in the exchange rate in connection with the payment of hire.

¹Not printed.

²*Ante*, p. 1486.

Taking up *seriatim* the other points mentioned in your note, I am instructed to say: (a) that the rate of hire offered is net, free from taxes and commissions; (b) that the deadweight of the vessel will be as certified by the owner, but subject to verification on a basis of actual performance; (c) that the intent of paragraph 5 of the terms communicated to you on April 13 was to offer an option of the value of the vessel or replacement in kind; (d) that payment for bunkers, stores, and supplies, and private property of captains, officers, engineers, and crew will be made as soon as inventories and appraisals can be agreed upon with the shipowners.

PHILLIPS

Request by the Netherland Government for Resumption of Negotiations for a Rationing Agreement, June 4—Arrangements for a Convoy to the Netherland East Indies—Proposal by the United States of an Offer of Two Months' Rations; Objections by Great Britain—Requirement by the United States of a Protest by the Netherland Government against the German Prize Laws as a Condition on Special Grain Shipments

File No. 656.119/513

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, June 4, 1918, 9 p. m.

3044. British Minister has given me, at my request, copy of reply from Minister for Foreign Affairs to note mentioned in my 2424, April 29, 4 p. m.¹ British Legation has telegraphed summary to London and translation in full is being forwarded to you in today's pouch, as well as to American Embassy, London.

In addition to a lengthy argument, the note says that the Netherlands Government is ready at once to resume negotiations at The Hague for the rationing of Holland. The Minister for Foreign Affairs, in a personal note to me, writes: "I sincerely hope your Government will agree to have the negotiations carried on here, which will much facilitate matters for us in connection with credits, etc."

GARRETT

File No. 763.72112Sa/6

The Netherland Chargé (De Beaufort) to the Secretary of State

WASHINGTON, June 6, 1918.

SIR: Acting under instructions from my Government I have the honor to inform you of the following:

¹Reply not printed; the note mentioned in the telegram of Apr. 29 is the British Foreign Secretary's memorandum of Apr. 25 to the Netherland Minister in Great Britain, *ante*, p. 1469.

As a reprisal for the requisition of Netherland tonnage and for the arrangements including cession of tonnage made by other neutrals, Germany has promulgated a new article of her prize regulations according to which the ships of the neutral countries concerned are seizable.

This new rule applies to Netherland ships unless they are provided with a safe-conduct of the German authorities.

The Netherland Government have protested against the legality of this new rule, but it does not seem probable that this will bring any change.

As Germany controls the free passage in the North Sea, the Netherland ships are liable to be seized and several ships in the Scandinavian trade have already been brought up.

The Netherland Government cannot incur the risk of having the Netherland tonnage further diminished. It can, moreover, not be in the interest of the Associated Governments to have Netherland tonnage brought to German ports and declared prize.

A safe-conduct has been granted for the exchange-ships for the S.S. *Java*, *Stella* and *Hollandia*. The S.S. *Nieuw Amsterdam* falls outside the scope of an arrangement and can sail on mutual guarantee of return.

As the Netherland Government trust that the United States Government earnestly wish to facilitate the supply of 100,000 tons of cereals and after this of whatever may be fixed under an agreement to be concluded, my Government expect that the ships *Jason*, *Amsteldyk* and *Cornelis*, mentioned in my note of May 25, will be placed at their entire disposal and accorded facilities for transporting cargoes to the Netherlands.

According to an arrangement with Germany the guarantee will then be given by the Netherland Government that these ships after their arrival in the Netherlands can return to the United States in the same way as the *Nieuw Amsterdam*.

The Minister for Foreign Affairs at The Hague has informed the United States Minister there, that he is prepared to negotiate at The Hague a general arrangement fixing the rations, etc., due to the Netherlands for the ships which have been requisitioned.

I trust that the United States Government, realizing the extreme needs of my country and desirous therefor to facilitate the early settlement of this matter, will agree to the arrangement as set forth above.

Please accept [etc.]

W. DE BEAUFORT

File No. 656.119/540a

*The Acting Secretary of State to the Chargé in Great Britain
(Laughlin)*

[Telegram]

WASHINGTON, June 10, 1918, 5 p. m.

8166. For Sheldon [from War Trade Board]:

No. 640. Doctor Taylor is now discussing with Netherlands Chargé the questions of Dutch colonial trade, and particularly interchange of products between Netherlands East Indies and the United States. It is expected that within the course of a few days this informal discussion will have reached a point where we are clearly advised as to precisely what the colonial authorities desire us to import from them and to export to them in exchange for their permitting the export to us of essential commodities. Doctor Taylor then expects to proceed at once to London to participate and cooperate with you in the negotiations for a general agreement. It is felt by us that it is essential that these negotiations for a general agreement should be conducted in the light of a first-hand knowledge as to the trade relations between this country and the Dutch colonies and you can appreciate that there may be difficulty in meeting fully the wishes and expectations of Dutch on colonial matters in view, on the one hand, of our program of import restriction, and on the other hand, of assurances of intent to facilitate Dutch colonial trade, which assurances were given at time of requisition of Dutch ships.

Repeat to The Hague.

PHILLIPS

File No. 656.119/542

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, June 14 [13], 1918, 3 [4] p. m.

[Received June 14, 6.40 a. m.]

3163. My 3075, June 7, 12 noon.¹ British Minister informs me that on June 7, a note was handed to the Netherlands Minister in London together with an explicatory memorandum and a statement of conditions regarding the Dutch convoy. The statement reads:

(a) A detailed list of all passengers sailing in convoy to be furnished to His Majesty's Government, none but present [Dutch] Government officials and their families being allowed to proceed.

(b) Full particulars of cargo on board any merchant vessel sailing in convoy to be supplied in same way as is now done by Netherlands Overseas Trust in respect of ships under their control.

¹ Not printed; see No. 2881, May 24, *ante*, p. 1494.

[*c?*] Netherlands Government to give a formal guarantee that no goods shipped in convoy are either wholly or in part of enemy origin.

(*d*) Ships sailing under the Dutch naval flag, including converted liners, not to carry any civilian passengers nor any goods or articles other than warlike stores destined for colonial authorities or forces of which complete lists should be furnished.

(*e*) No mails or private papers, printed matter or parcels to be carried by any ship in the convoy (except official despatches of Dutch Government).

(*f*) Convoy not to sail until the Netherlands Government agree to stipulated particulars, and undertakings have been furnished and have been found satisfactory by British authorities.

GARRETT

File No. 656.119/549

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, June 16, 1918, 1 p. m.

[Received June 17, 12.53 a. m.]

3189. Your 1579, June 13, 5 p. m.¹ British Minister tells me that the Minister for Foreign Affairs assures him that all the terms of the British note of April [June] 7, telegraphed you in my 3166 [3163], June 13, 4 p. m., are acceptable to Dutch Government, and Townley believes that [Loudon] has so informed British Government through Dutch Legation at London.

Minister for Foreign Affairs sends me certificate and manifest of *Noordam* with note in which he says that he instructed Beaufort on April 23 to inform you of proposed sailing of convoy, and to give you details which he now informs me of, by enclosing copy of his note to the British Legation mentioned in my 3075, June 7, 12 a. m.¹ These two notes contain nothing pertinent in addition to what I have already telegraphed you in my 3075, and telegrams therein referred to, except that a list of the military personnel on board the *Tabanan*, and of the civil and military personnel and their families on the *Noordam* are at my disposal if I desire to see them. The certificate reads: "The undersigned, Secretary General of the Netherlands Ministry for the Colonies, declares herewith that all goods mentioned in the annexed manifest, and loaded in the steamship *Noordam* of the steamship company Holland-America Line, are goods the transport of which none of the belligerent powers object to. The goods are intended for the Dutch East Indian Government Service." Manifest covers approximately 8,559 cases and casks, all consigned to the Governor-General of the Netherlands [Indies], and containing

¹ Not printed.

aniline dyes, machinery, silver in coins, wadding, drugs, and medical supplies, bicycles, foodstuffs, etc.

As to the return voyage there is no information obtainable except public statement that cocoanut oil will form part of return cargo. Townley informs this morning that the manifest goes to London on the next cross-channel convoy which is about to leave, and that it can only then be decided in London whether the cargo and other terms are such as will enable the British Government to permit the Dutch convoy to proceed.

GARRETT

File No. 656.119/552

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, June 17, 1918, 5 p. m.

[Received 11.23 p. m.]

3194. My 3189, June 16, 1 p. m., in regard to the Dutch East Indian convoy. The French Minister without instructions from his Government has today addressed a note to the Dutch Government asking whether it will give France the same assurances that it has given Great Britain in answer to the British note of June 7 telegraphed you in my 3163, June 13, 4 p. m. He also asks what these assurances are. He hopes to see London tomorrow and get his answer.

Do you wish me to take similar or other steps in the matter?

GARRETT

File No. 656.119/552

The Secretary of State to the Minister in the Netherlands (Garrett)

[Telegram]

WASHINGTON, June 19, 1918, 2 p. m.

1641. Your 3194, June 17, 5 p. m. Department does not wish you to take any steps in this matter for the time being.

LANSING

File No. 656.119/568

The Netherland Chargé (De Beaufort) to the Secretary of State

WASHINGTON, June 20, 1918.

SIR: I have not failed to acquaint my Government with the contents of your note of May 9, in which you give to the Netherland Government certain assurances against the requisitioning of ships flying the Netherland flag.

From a comparison of this note with your note of the 26th April it appears that the United States Government have given uncondi-

tional guarantee against requisitioning only in regard to Netherland vessels leaving Netherland or Netherland colonial ports after the 20th March, whereas in regard to the balance of the free Netherland vessels their guarantee is subject to the reserve that requisitioning might take place in the case of a grave military necessity.

I may observe that the British Government have given the formal assurance that they will henceforth refrain from requisitioning a single Netherland ship and I wish to point out that indeed [neither] the Netherland Government nor the people of Holland would acquiesce in a renewed requisitioning of vessels flying the Netherland flag.

With a view to the above I have the honor to bring to the courteous attention of the United States Government that a requisitioning of Netherland ships not included in the unconditional guarantee, would seriously affect the friendly relations between the two countries.

Please accept [etc.]

W. DE BEAUFORT

File No. 656.119/520

The Secretary of State to the Minister in the Netherlands (Garrett)

[Telegram]

WASHINGTON, June 21, 1918, noon.

1656. Legation's 3059, June 5, 6 p. m.¹ War Trade Board with approval of Department has determined to enter into definite relations with Netherlands Oversea Trust so that all commodities exported from the United States to Holland, with such exceptions as may be agreed upon, will be consigned to the Netherlands Oversea Trust, which Trust in turn will undertake to give adequate guarantee that commodities so consigned to it will be utilized for purposes intended by the United States in permitting export to Holland. You are authorized to discuss the foregoing informally with the appropriate officials of the Netherlands Oversea Trust, and you will cable your views as to the character and form of undertakings which should be given by the Trust.

Repeat to London.

LANSING

File No. 656.119/605a

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, June 24, 1918, noon.

8397. For Sheldon [from War Trade Board], for Taylor:

No. 719. Further consideration of Dutch situation confirms us in view discussed with you prior to your departure, that unless prospect

¹ Not printed.

of coming to immediate agreement with Dutch Government, Associated Governments should promptly determine among themselves the commodities which they propose to put at the disposal of the Netherlands and the terms under which such commodities will become available, and that thereupon this offer should be presented to the Netherlands Government and made public. In view of the gravity of the ship situation of northern neutrals owing to Germany's new prize-court rulings, we think that action of the above character should be promptly taken so as to create a situation where public opinion will force Netherlands Government to send out its ships to lift the commodities, which under the terms of a proposal of Associated Governments will be put at the disposal of the Netherlands. Suggest you obtain Garrett's opinion on foregoing.

LANSING

File No. 656.119/628b

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, June 28, 1918, 4 p. m.

8486. For Sheldon [from War Trade Board]:

No. 736. Supplementing our No. 719, Department 8397, June 22 [24], noon. Department has transmitted to Garrett for an expression of his views a synopsis of note proposed to be delivered to Netherlands Chargé, declining to permit three additional Dutch ships to sail from Western Atlantic waters with bread cereals and dealing with subject of German prize-court regulations. Doctor Taylor will be familiar with the general tenor of this proposed note. Garrett has now replied approving our taking a determined stand in opposition to Germany's prize-court regulations which prevent Netherlands from sending ships to lift grain in accordance with the terms of original offer and approving our refusing the request of Netherlands Government for three additional ships from this side. Garrett however strongly urges that a specific and unconditional offer of rations be immediately made to the Netherlands. He suggests that we at once offer to put at disposal of Dutch Government at least two or four months' quota of rations as fixed in the general agreement, covering essential articles such as coffee, cotton, tanning materials, etc. Garrett points out that elections are to take place on July 3 and he considers it very advantageous that an offer should be outstanding at time elections are held.

We heartily concur in this suggestion of Garrett, which is directly in line with the recommendation made in our 719, and we urge that an offer be at once made to the Netherlands Government by the Associated Governments to facilitate the importation by the Netherlands of a two months' quota of those items of the annual rations fixed by

the general agreement which are hereinafter scheduled. These supplies to be lifted by ships sent from the Netherlands for that purpose. This offer to operate as a *modus vivendi* pending the conclusion of discussions for the precise terms and conditions of a complete ration. We think acceptance of the offer should be required within a stated period on the ground that it is necessary for the Associated Governments to know in advance as to the supplies which they must arrange to put at the disposal of the Netherlands. The supplies then to be lifted within two months following such acceptance. It should be stipulated that no foodstuffs should during the pendency of this *modus vivendi* be exported to Germany except such exports as may be contemplated under existing agricultural agreement with Great Britain, nor should there be exported to Germany any of the commodities imported or other commodities released thereby.

We do not think that the question of arranging British credits should be allowed to defer making such an offer, nor do we feel that the prospects of satisfactorily adjusting this and similar questions will be injured by making an offer in the above sense. If offer were not accepted it would clearly demonstrate to Dutch people where responsibility lies for failure to receive supplies.

The list of commodities as to which two months' ration should be offered are: cocoa, coffee, tea, wines, nuts, honey, petroleum and products, turpentine, rosin, waxes, capoc, coir yarn, cotton and cotton goods, hemp, jute, wool and woolen manufactures, tanning materials, fibres for carpets, etc., calcium carbide, aluminum, antimony, copper, lead and lead manufactures, chemicals, iron and steel machinery, castor oil, tobacco, magnesite. Bread cereals are already covered by outstanding offer. United States cannot undertake to license for export the foregoing commodities except subject to principles of conservation.

LANSING

File No. 656.119/589

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, July 3, 1918, 12 noon.

[Received 9.08 p. m.]

3318. My 3224, June 20, 6 p. m.¹ Minister for Foreign Affairs publishes a statement reviewing steps taken by the Netherlands Government in regard to the convoy in which he states that in view of the very decided objection on the part of the British Government, the Dutch Government did not consider it advisable to let the convoy

¹ Not printed.

sail until differences had been cleared and that, as it appeared from the communication of the British Government of June 29 that no agreement could be reached in regard to the dyestuffs on board, the convoy would leave after the dyes had been unloaded. He states that owing to a stagnation in traffic to the East Indies consequent upon the requisitioning of Dutch ships, the Government decided avail themselves of the opportunity of a war vessel going to the Netherlands Indies to despatch a convoy for the convenience of Government officials and their families and for the transport of munitions of war and Government goods. The convoy is intended to keep up Government communication between the homeland and the colonies. The British Government denied the right of convoy but as a tangible proof of its friendly disposition towards Holland stated that it had no intention, under certain conditions, of putting obstacles in the way of the convoy. End of statement.

The British Minister informs me that in addition to the condition that the aniline dyes shall not be taken, assurances must be given that no part of cargo is composed of goods of more than 25 per cent enemy origin. Objections regarding coal of enemy origin appear to have lapsed. The British Government is further understood to have stipulated that the departure of this convoy shall not form a precedent either for its return or for the departure of another convoy. I understand unofficially that the conditions of the British Government have been complied with including the discharge of the aniline dyes and it is announced that the convoy will depart tomorrow.¹ Its sailing is almost universally criticized in the Dutch press which argues that it is a useless expense especially in view of the fact now brought to light that it is sailing only under conditions stipulated and satisfactory to the British Government. The Minister of Marine, who is supposed to have been intimately connected with the plans for the sailing of the convoy, has resigned, apparently in connection with the criticisms in which he was involved. The Minister for War has taken over his portfolio *ad interim*.

GARRETT

File No. 656.119/652h

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, July 8, 1918, 6 p. m.

112. For Sheldon [from War Trade Board]:

No. 814. Please consult with Taylor and Allied authorities upon the following points. Reference is made to the following cable-

¹According to despatch No. 1563, July 9, 1918, from the Minister in the Netherlands, the convoy sailed July 5. (File No. 656.119/666.)

grams: Department's 8486, June 28, 4 p. m., our 736, and Department's 8397, June 22 [24], noon, our 719. The proposal to offer the Netherlands a two months' ration has been discussed with the British Embassy. In the course of this discussion, it was stated that the British Minister at The Hague was opposed to the offer of a two months' ration to the Netherlands, the reason for such opposition being that he thinks it advisable to expedite as much as possible the conclusion of a general agreement with the Netherlands Government. It seems to be felt by him that an offer of a two months' ration to Holland might prejudice, or at least seriously delay, the conclusion of a general agreement. It is further emphasized by the British Minister at The Hague that the Dutch are now exporting to the Central Powers early potatoes, horses, cheese, and cattle, and our ability to prevent such exports would be further limited by granting the *modus vivendi* suggested in our 736 of June 28.

For your guidance in discussing this question, we wish to state that we do not feel there is any great difference between our own views and those stated above, so far as the objects to be achieved are concerned. We are of course heartily in favor of an early conclusion of a general agreement with the Netherlands and we call your attention to the fact that in our 719 we stated that the offer to the Netherlands should be made only if there were no prospect of coming to an immediate agreement. The main considerations in favor of an offer of a *modus vivendi* to the Netherlands were:

- (1) The creation of friendly feelings toward us on the part of the Dutch people and the bringing home to the Dutch people that any failure to secure foodstuffs in their ships now in Dutch ports was chargeable entirely to the attitude of the German Government;

- (2) The necessity of taking steps immediately to oppose and to test the effectiveness of the new German prize-court regulations;

- (3) Notwithstanding our present embargo and the pending negotiations for a general agreement, Holland is still continuing exports to Germany; and it is thought that the offer of rations would make the situation no worse, but on the contrary might be sufficient to secure from the Dutch Government a guarantee against exports to Germany for the period of the *modus vivendi*, and until the conclusion of the general agreement.

We wish that you and Taylor would discuss this matter thoroughly with the Allied authorities and advise us whether you feel that the desirability of maintaining the embargo in full force, and thus expediting the conclusion of the general agreement, outweighs the considerations enumerated above.

LANSING

File No. 656.119/614

The Secretary of State to the Netherland Chargé (De Beaufort)

WASHINGTON, July 9, 1918.

SIR: Referring to your notes of May 25 and June 6, in respect to certain ships which you desire to use in transporting grain cereals to Holland, and to an interview on this subject with the President on July 1, I have the honor to inform you by direction of the President that he would be pleased to be informed for his guidance and consideration of the question presented as to whether the Netherlands Government has, since the issuance of the German prize regulation No. 55(c) made a formal effort to obtain the release of tonnage now lying idle in Dutch ports for moving the balance of 100,000 tons of bread grains which is now at the disposal of the Netherlands Government in American ports. If such representations to Germany have been made, the President would be pleased to learn the result thereof.

The President further directs me to say that if no such representations have been made, he finds it difficult to acquiesce in your view that the Netherlands vessels referred to in your communications above mentioned should be taken out of necessary and safe trades and furnished bunkers by the United States out of its limited supply for the purpose of transporting the balance of the cereal grain overseas to Holland while approximately 400,000 tons of Netherlands ships are lying idle in Netherlands ports. Nevertheless, out of friendship for the Government and people of the Netherlands, the President bids me to say that if the Netherlands Government has made or will make to the Imperial German Government, formal and public representations which in the judgment of the President constitute a sincere and earnest effort to obtain release of sufficient vessels now held in Netherlands European ports for transportation of the bread grains above referred to and is unable, as a result thereof, to induce the Imperial German Government to relax its severe and unprecedented restrictions on Netherlands shipping which it is desired to use for the needs of the Netherlands people, the United States Government will embrace the opportunity to offer bunker facilities to the three Netherlands vessels *Jason*, *Cornelis* and *Amsteldyk* now in the ports of the United States.

The President wishes me to make it very clear to you that his ultimate decision with respect to this matter will be controlled by the character of the representations made by the Netherlands Government to the Imperial German Government and especially by the measures adopted by the Netherlands Government to give full publicity to such representations and to the answer received thereto so that the people of the Netherlands may be accurately advised as to the facts.

I have had called to my attention a report to the effect that large shipments of potatoes to Germany are being contemplated by the Netherlands Government, and I should be glad to be advised by you with reference to this report so that I can inform the President respecting it.

Accept [etc.]

ROBERT LANSING

File No. 656.119/610

The Netherland Chargé (De Beaufort) to the Secretary of State

WASHINGTON, July 10, 1918.

MY DEAR MR. SECRETARY: This Legation has received the request from your Department to facilitate the shipment of five barrels of flour, one case of ham, one case of bacon, one case of lard, and one box from your Department to the United States Minister at The Hague. I have at once cabled about this matter to the Minister of Foreign Affairs, and am today informed that the Netherland Government makes no objection to allow this shipment to go forward on a Netherland vessel and consigned to the Netherland Government. Where repeated large shipments of food for the United States Legation and consular officers prove that the United States authorities are convinced that food is exceedingly scarce in Holland, the Netherland Government trusts that the shipments of food for the Dutch people will be expedited.

While informing you of the above I remain [etc.]

W. DE BEAUFORT

File No. 656.119/608

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, July 11, 1918, 5 p. m.

[Received July 11, 2.41 p. m.]

265. War Trade Board [from Sheldon]:

No. 988. I have received the following cable from Edwards:

515, July 10, 4 p. m. For Sheldon from Edwards. Understand that within a few days Dutch expect to put forth general proposal for supplying of rations, granting of credit, etc. Garrett.

LAUGHLIN

File No. 656.119/589

The Acting Secretary of State to the Minister in the Netherlands (Garrett)

[Telegram]

WASHINGTON, July 12, 1918, 7 p. m.

1753. Legation's 3318, July 3, noon. We note that statement of Minister of Foreign Affairs on dispatch of convoy to East Indies

bases necessity therefor on stagnation of traffic to the East Indies as a result of Dutch ships being requisitioned. We trust that you will avail of any opportunity which presents itself to bring home to the Dutch people that the stagnation of shipping referred to results solely from German action. Dutch ships in the Pacific which are free from German control are moving freely. It is only Dutch ships in Dutch European ports and which are consequently within the sphere of operation of German submarines, which are being tied up. German prize-court regulations are operating to prevent the movement of those Dutch ships which under assurances heretofore given by Associated Governments are permanently immune from requisition by these Governments.

POLK

File No. 656.119/617

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, July 14, 1918, noon.

[Received 11.59 p. m.]

3437. Department's 1656, June 21, noon. There appears to be a desire among Allied representatives in London for each Ally to have identical contract with Netherlands Oversea Trust. Sheldon has suggested advisability of having single contract to which local joint committee would be the party on behalf of all four Associated Governments. I believe the contracts should be identical but nevertheless concluded separately, although simultaneously. There are many essential details of the contract especially concerning Scandinavian traffic, correlation with agricultural and re-export agreements, etc., about which inter-Allied discussion can much better be carried on here than either in London or Washington. Sir Francis Oppenheimer, who is the one British official most familiar with the Trust, is now here. I respectfully suggest therefore that you authorize me to confer with the Allied ministers here in order to draw a proposal [for] identical Trust agreement which would be submitted to our respective Governments for approval before it would be communicated to Trust. In so authorizing these local discussions, kindly indicate in how far you provisionally approve the following principles:

(1) All exports to Holland from United States or on vessels which touch a port where United States controls bunkers will be consigned to Trust except as otherwise provided by War Trade Board.

(2) Trust will furnish War Trade Board representative at The Hague with full manifest of all vessels coming to Holland from or by way of port where United States controls bunkers within 48 hours after arrival in Holland.

(3) Trust will not proceed with indorsement of bills of lading until so authorized by War Trade Board representative and will withhold indorsement from bills of lading for all shipments indicated by him.

(4) In case of goods coming on vessels which do not touch at ports where United States or her allies control bunkers, Trust undertakes that no Dutch vessel will bring goods to Holland unless consigned to Trust except as specifically authorized by the Associated Governments jointly.

(5) Furthermore, Trust undertakes to furnish local joint committee within 48 hours after arrival of each vessel mentioned in foregoing paragraph with full manifest.

(6) Trust will not proceed with indorsement of bills of lading of such vessels except by approval of the Associated Governments and will withhold indorsement of bills for any shipment indicated by them. In practice the Associated Governments could communicate with Trust through local joint committee for the sake of expediency.

(7) Trust will not issue import license for goods from any source whatever to persons who are on United States Enemy Trading List or may be separately indicated by War Trade Board representative.

(8) Trust to maintain present system of requiring guarantees of importers that terms of United States export license or other undertakings required by War Trade Board should be observed.

(9) Trust to communicate to local joint committee all applications for import.

(10) To communicate to committee all Trust import licenses granted indicating nature of guarantee.

(11) No goods to be shipped from Holland on any outgoing vessel whatever if of enemy origin or if imported into Holland from neutral countries via Germany except:

- (a) Goods destined for United States or destined for other countries but to be conveyed on vessels touching ports where United States controls bunkers, for which War Trade Board has issued special license;
- (b) Goods containing less than 5 per cent enemy material or workmanship;
- (c) Goods destined for neutral countries whose shipment may be specifically authorized by the Associated Governments in practice—local joint committee might for expediency's sake be authorized to speak for Associated Governments in such matter;
- (d) Goods of cargoes and amounts whose export to Dutch colonies may [by] agreement later be approved by Associated Governments.

(12) All securities shipped from United States to Holland to be consigned to Trust and to be released only upon authorization and under conditions indicated by War Trade Board representative.

(13) I do not believe at present we should facilitate import into United States of securities which are not allowed thither by British system of control, for if such plan were announced now, it would result in diverting considerable profits into undesirable hands of present holders who have been speculating on the chance to smuggle or ship legitimately into United States securities which are disqualified by Trust in accordance with Trust agreement with England. Furthermore, for the reason that many concerns looked upon by British and also ourselves as enemy traders would immediately demand removal from black lists on the ground that their only offense had been securities traffic which United States now recognizes as legitimate. I do believe, however, that our arrangement should provide for the direct shipment to Federal Reserve Board unhindered by British censor of mail bags containing only securities whose shipment is approved by Trust according to whatever arrangement we may make with Trust. We are now fully capable of controlling this traffic ourselves and it is important from point of view of prestige that we should do so. For the present the arrangement between the Trust and the seven banks in Amsterdam should not be disturbed as it might derange influences which are needed in connection with placing of proposed Allied loan in Holland.

I respectfully ask your authorization as soon as possible to proceed with provisional drafting of arrangement for submission to you. Edwards concurs in foregoing.

GARRETT

File No. 656.119/608

*The Acting Secretary of State to the Chargé in Great Britain
(Laughlin)*

[Telegram]

WASHINGTON, July 17, 1918, 5 p. m.

263. For Sheldon [from War Trade Board]:

No. 866. Your 988, Embassy 265, July 11, 5 p. m. We feel it will be most unfortunate and possibly involve serious consequences if the Netherlands Government puts forward a proposal as to the rations she expects from the Associated Governments prior to the Associated Governments having made a public and concrete proposition as to the supplies, the delivery of which to the Netherlands they are prepared to facilitate on certain specific terms. We feel that the first public proposal made for supplying Holland's needs should receive the vigorous and almost united support of the Dutch people. If the Associated Governments make the first public proposal they should have the Dutch public sentiment supporting the proposal and compelling the Netherlands Government to accept the same or throw on the German Government the onus of refusing it on account of

that Government tying up Dutch shipping. From the date of the requisition of Dutch ships the Dutch have been given to understand both by formal and informal statements that we were prepared to place supplies at the disposal of the Netherlands on generous conditions. Four months have now elapsed without so far as we know any concrete proposal having been made to make good the impression given at the time of requisitioning. The Netherlands Government having failed to receive our proposal can now draw a proposal along lines satisfactory to itself and point out to their people that the Associated Governments have practically recognized that supplies were due to the Netherlands as the result of requisition of Dutch ships. If the Associated Governments then refuse this proposal they will undoubtedly lose still further in the popular estimation of the Dutch people. If the proposal is in acceptable form it will still probably not be in as advantageous form as though we had originally framed the proposal and furthermore we will have been put in a position of being forced to give grudgingly that which the Dutch people will believe we have already recognized as due them, and there will then be no opportunity to put ourselves in the position of making a generous and voluntary proposition to the Dutch Government and people. We again repeat most strongly the recommendation which we have been making for some time that the Associated Governments promptly determine upon a concrete proposal to the Netherlands and that this proposal be at once communicated to the Netherlands Government and made public to the Dutch people.

POLK

Resumption of Exports to the Netherland East Indies, July 18—Determination of a Scale of Values for Requisitioned Ships—Consideration of an Agreement with the Netherlands Oversea Trust

File No. 656d.119/56a

The Acting Secretary of State to the Ambassador in Great Britain
(Page)

[Telegram]

WASHINGTON, July 18, 1918, 6 p. m.

289. For Sheldon from War Trade Board:

No. 881. Taylor. We have now resumed granting export licenses for the Dutch East Indies, with the exception of iron, steel, and their products, machinery, tin plate, caustic soda, industrial explosives. These reserved items represent in value more than one-half of our total trade. Steamers continue to sail from the Dutch East Indies and are carrying normal quantities of tin and cinchona bark. Under these conditions, we feel inclined to grant export licenses for the above-reserved articles and it is suggested to you that we

should do so, unless you think it imperative that we should withhold such licenses with the object of facilitating your negotiations in London for the general agreement. It would seem to us, on the other hand, that this is not likely to be a deciding factor and that while it might exert pressure, yet it would not be sufficient to bring a conclusion to the negotiations.

POLK

File No. 656.119/652d

*The Acting Secretary of State to the Minister in the Netherlands
(Garrett)*

[Telegram]

WASHINGTON, July 25, 1918, 5 p. m.

1797. The United States is willing to make the following proposals to the Dutch Government, amplifying and improving the offers already made relating to compensation for requisitioned vessels in the event of loss, and to the option of replacement in kind:¹

A. *Value*. In the case of a ship being lost, the United States is prepared either to replace the ship on terms to be given below, or to pay for it in dollars.

The basis for the money payment will be substantially as follows:

(1) Half the money is to be retained in the United States for two years either by deposit with bankers on such terms as may be arranged by the depositors or by investment in the United States in securities to be selected by the Dutch owners.

(2) The other half to be paid in dollars.

On these financial terms the United States Government will be prepared to apply the following values to the Dutch ships: namely, vessels up to 10 years old, £75 per gross ton; vessels up to 30 years old, £60 per gross ton; vessels up to 39 years old, £52 10s. per gross ton.

B. *Replacement*. United States Government offer the following improvements in replacement offer already made:

(1) The option to choose between money payment and replacement will rest with the owner until 30 days after he has received notification of loss of vessel, or until 30 days after the acceptance of these terms, in case of vessel previously lost.

(2) The rate of interest on the values from the date of loss to the date of replacement will be 10 per cent per annum.

(3) The United States Government undertakes to replace tramp steamers within 12 months from the declaration of peace, and to replace liners within 18 months.

(4) As the question of replacement may be considered by the Netherlands Government as involving a national interest, distinct from the interest of the particular owner, the United States

¹ These proposals were submitted to the Netherlands Foreign Office on July 30 (File No. 656.119/654). For later modifications, see telegram to the Chargé in the Netherlands, No. 2357, Nov. 8, *post*, p. 1557.

Government must stipulate that owners who elect cash payments must secure the consent of the Netherlands Government.

If the Dutch Government rejects this proposal we will be prepared to make the alternative proposal contained in Stevens' cable to you.

The statement quoted herein is identical with the one cabled you by Stevens except that financial terms have been modified to meet the views of the Treasury and comply with legal restrictions. The British may decide to retain in their proposals the financial provisions cabled you by Stevens; we consider, however, that this is a matter on which divergence in terms will not be detrimental. Shipping Board has today cabled Stevens requesting him to ascertain whether British have any objection to our presenting proposals as above modified and instructing him to cable you if they have not. On receipt of cable from Stevens that British do not object you are authorized to present proposals on behalf of United States.

Stevens has also cabled that British are contemplating making through Townley further proposals regarding payment of charter hire involving payment in florins with ten year loan. United States not now prepared to make similar proposal; matter under advisement. You will receive instructions on this point shortly.

POLK

File No. 656.119/652

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, July 30, 1918, 6 p. m.

[Received 7.15 p. m.]

720. War Trade Board from Taylor:

No. 1133. Replying your 915.¹ I advise you to trade exports against tin and quinine and anything else you want. My last cable expresses my feeling that a general agreement will be long delayed.

PAGE

File No. 656.119/710

*The Acting Secretary of State to the Netherland Chargé
(De Beaufort)*

No. 29

WASHINGTON, August 6, 1918.

SIR: I have the honor to acknowledge the receipt of your note of July 23, 1918,² which refers to the note I addressed to you, at the direction of the President, on July 9, concerning certain ships which you desire to use in transporting grains and cereals to Holland.

¹ Not printed; see War Trade Board's telegram No. 881, Department's No. 289, July 18, *ante*, p. 1515.

² Not printed.

You advise me in answer to one of the inquiries contained in my note of July 9 that the Netherlands Government has seriously protested against the German prize regulation No. 55(c) and that this protest has been without avail. You further state that the Netherlands Government will shortly publish a statement concerning the negotiations regarding the shipping situation and that this statement will include the protest made by the Netherlands Government to Germany with respect to these regulations.

You state, however, in effect, that your Government is reluctant to publish this statement until the United States Government has acted favorably on the request of the Netherlands Government that bunker facilities should be furnished to the three Netherlands vessels *Jason*, *Cornelis* and *Amsteldyk*.

In this connection I desire to repeat the statement I made in my note of July 9 to the effect that the President wished me to make it very clear to you that his ultimate decision with respect to the furnishing of bunker facilities to the Netherlands vessels *Jason*, *Cornelis* and *Amsteldyk* will be controlled by the character of the representations made by the Netherlands Government to the Imperial German Government and especially by the measures adopted by the Netherlands Government to give full publicity to such representations, and to the answer received thereto, so that the people of the Netherlands may be accurately advised as to the facts. Your note of July 23 does not give me any information with reference to the character of the representations made by the Netherlands Government to the Imperial German Government respecting the German prize regulation in question, nor am I advised of any measures adopted by the Netherlands Government to give such publicity to these representations as to permit the people of the Netherlands to be accurately advised as to the facts.

As I am unable from the information you have given me to inform the President with respect to these points, I trust that, in order that I may be able to give you a prompt answer regarding the bunkering of the three Netherlands vessels *Jason*, *Cornelis* and *Amsteldyk* for voyages to Netherlands European ports, you will furnish me with the information requested in my note of July 9.

Accept [etc.]

FRANK L. POLK

File No. 656.119/723

The Netherlands Chargé (De Beaufort) to the Secretary of State

WASHINGTON, August 8, 1918.

SIR: I have the honor to acknowledge the receipt of your note of August 6 regarding certain ships which my Government wishes to use in transporting grain-cereals to Holland.

You state that my note of July 23¹ does not give full information with respect to certain points raised in your note of July 9.

In reply I have the honor to inform you that I have just received a communication from my Government which enables me to give you the following information.

The Netherland Government has energetically protested on May 27, 1918, against the modification of article 55 of the German prize regulation. The protest conveyed that the presumption established in the new rule is devoid of any foundation from a standpoint of international law. The fact that the Associated Governments have appropriated the use of a part of the Netherland ships in order to place them in their service under belligerent flag, does not constitute any proof or indication that the part of the ships which remains and which navigates under Netherland flag renders itself guilty of hostile assistance. There is no good motive for the reversal of the obligation to furnish evidence, which reversal is involved in the modification of the prize regulations. Such rule would—even if the prize court were most impartial—expose the Netherland navigation to the most serious losses as a result of delays suffered by the detention of the ships. The attitude adopted by the German Government in the matter of safe-conducts could not remedy the unlawfulness of the new measure.

On June 13, 1918, the German Government replied that it repudiates the reproach that the modification would be unjust and contrary to international law. If in the struggle for sea traffic neutral powers lend assistance to the enemies by permitting the transfer of tonnage, they can not complain that Germany establishes a legal presumption which corresponds with the existing probability.

On June 30 the Netherland Government replied that there can be no question of an existing probability that a ship under Netherland flag and supplied with Netherland papers would be one of those seized by the Associated Governments. The legal presumption that such vessel belongs to the aforesaid class is devoid of any foundation and contrary to international law.

The contents of the protest were published on May 27 in reply to a question put by a member of Parliament.

The people of the Netherlands are therefore advised as to the facts in question.

In my note of July 10¹ I had the honor to inform you concerning the export of potatoes from Holland, mentioned in the last paragraph of your note of July 23. In accordance with recent information received from my Government I may add that if Holland would

¹ Not printed.

have been in a position to release 20,000 tons of early potatoes for export to Germany, it would have received 50,000 tons of coal in return. However, the scarcity of all edibles in my country has made it imperative to reserve the early potatoes in a larger quantity for Holland's population and the export to Germany has consequently been limited to 9,000 tons in spite of the pressing need of coal of which now only nine-twentieths of the above-mentioned 50,000 tons could be obtained.

There is, moreover, no intention on the part of the Netherland Government to make large exports of edibles as was rumored in some quarters in the United States. In fact, butter, cheese and meat are now not exported at all and no prospect of such export has been opened to Germany. The export of potatoes has been entirely stopped.

You observe in your note of August 6 that I stated in my note of July 23 that my Government is reluctant to publish a statement regarding the shipping situation until the United States Government has acted favorably on the request of the Netherland Government that bunker facilities should be furnished to the three Netherland vessels *Jason*, *Cornelis* and *Amsteldyk*.

With regard to this observation I wish to point out that I wanted to make clear in my note of August 6 [*July 23*] that if it would appear from a statement which my Government is going to publish shortly regarding the shipping situation, that the United States are not willing to put at the disposal of the Netherland Government the seven ships mentioned in my note, this would make a most painful impression on the public opinion in Holland.

I trust that the United States Government after having received the above information will have no objection in complying with the request of my Government with regard to the ships in question.

I will very much appreciate if you will kindly inform me, if possible within a short delay, which decision has been taken by the United States Government in this matter and if you will at the same time let me know if assurances will be given that the *Sirrah* and the *Djebres* (the exchange ships for the *Zyladyk* and *Hector*) will upon their arrival in the United States be enabled to load cargoes of grain-cereals for Holland, as I had the honor to request in my note of August 2.¹

Please accept [etc.]

W. DE BEAUFORT

¹ Not printed.

File No. 656.119/662

The Secretary of State to the Ambassador in Great Britain (Page).

[Telegram]

WASHINGTON, August 13, 1918, 4 p. m.

754. For Sheldon [from War Trade Board]:

No. 1030. Your 1161, Embassy 831, August 3, 7 p. m.¹ We are greatly disappointed that it has been impossible to secure British Foreign Office adherence to our policy with reference to Dutch situation, which policy we have been so continuously urging for upwards of two months. You are authorized to express to the Foreign Office the disappointment which we feel and discreetly to intimate to them that we fail to understand the reasons which have led to their apparent preference to conduct negotiations privately through special emissaries. In transferring the negotiations to London it was never our intention that this would mean that negotiations would be conducted purely as British negotiations to the exclusion of full participation therein by all of the Associated Governments.

The British handling of this matter has produced a very unfavorable impression upon us and also apparently upon Garrett and the French Government. It is difficult to avoid the impression that the British in London have been conducting negotiations not purely from an Allied standpoint but that they have allowed special considerations of peculiar interest to Great Britain to divert them from that course of action which would have been for the greatest benefit of the Allies' cause generally.

LANSING

File No. 656.119/690

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, August 14, 1918, 8 p. m.

[Received August 15, 2.50 a. m.]

1106. War Trade Board [from Sheldon]:

No. 1266. Your 1030, Department's 754, August 13. I fear you had not considered the last part of my 1197, Embassy's 965, August 9, 6 p. m.,¹ when you despatched your 1030. I will again point out to the Foreign Office that the manner in which they reopened negotiations on Oppenheimer's return was strongly objected to by our Government. I very much doubt if complaint is justified at their manner of handling any negotiations during the last few weeks; on the other point of the advisability of making an offer of *modus vivendi* rations, this I think is clearly a difference of opinion and as

¹ Not printed.

we have received several indications that the Dutch propose recommencing negotiations, it would appear that this could be traced to the necessity of coming to terms which would not have come to pass, at least in the opinion of Townley and the Foreign Office, had *modus vivendi* rations been granted. Taylor seems to have felt the force of the British attitude and will shortly explain the situation to you in detail.

PAGE

File No. 656.119/591

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, August 15, 1918, 5 p. m.

797. For Sheldon [from War Trade Board]:

1033. For Taylor. Department's 23, July 3, 4 p. m., our 773. Embassy's 98, July 4, 3 p. m., your 939. Department's 151, July 10, 7 p. m., our 825.¹ We have advised the Dutch Chargé that if the Government of the Netherlands would increase to normal the shipments of tin, quinine, and certain other articles from the Dutch East Indies to the United States and would in every way facilitate from now until December 1, 1918, the importation of sugar from the Dutch East Indies to the east coast of the United States, we would, in general, permit exports to the Dutch East Indies in the same manner as exports are now permitted to any neutral country not contiguous to the Central Empire. The Chargé has accepted the terms of our offer and licenses are being granted in accordance therewith.

Repeat to The Hague.

LANSING

File No. 656.119/712

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, August 27, 1918.

[Received August 28, 5.10 a. m.]

1426. Ship Mission No. 473, for State Department and Hurley:

Dutch shipowners have sent two representatives to discuss with British authorities and ourselves, the terms communicated by Townley and Garrett. Dutch have agreed to accept the first proposal, to wit, the Swedish scale of values with the conditions as to payment.

They suggested two changes in this scale of values:

(1) Creation of a new subdivision for vessels from 10 to 20 years of age to be valued at £67 10s. per gross ton. Both the

¹ None printed; see the Embassy's telegram No. 720, Taylor's No. 1133, July 30, *ante*, p. 1517.

British authorities and ourselves stated that we would not recommend its adoption by our Government since Swedish scale is a very high scale and this change would add substantially to our obligations.

(2) That Dutch owners should have the option of taking the Swedish values per gross ton or the corresponding value per deadweight ton, final scale to be as follows: vessels up to 10 years, £75 per gross ton or £50 per deadweight ton; vessels up to 30 years old, £60 per gross ton or £45 deadweight ton; vessels over 30 years, £52 10s. or £35 per deadweight ton. This change would add somewhat to our total liabilities but the British authorities and ourselves feel that it is fair and we recommend its adoption.

Following proposal was made concerning replacement: That the United States Government or the British Government should have the option of tendering and the Dutch owner to have the option of accepting an existing steamer with an adjustment of differences in age. If no existing steamer is offered, or if offered is not accepted by the Dutch owner, a steamer to be built substantially like the vessel lost with an allowance for age, the allowance for age to be depreciation calculated on the original cost of the lost boat at the rate of 5 per cent per annum. This allowance for depreciation to be paid by the Dutch owner before delivery of the vessel. We recommend the adoption of this statement concerning replacements. The British authorities have recommended its adoption by the British Government.

Dutch representatives desired to have the option of naming the yard at which the vessel is to be built. We stated that we thought the American authorities would not be willing to give such an option. The British authorities are willing the Dutch should select the yard from available yards to be named by British Government with the condition that in event of a yard selected by a Dutch owner only being able to give later delivery, that the British Government could arrange in another yard. The 10 per cent interest would only run to date at which delivery could have been given in the other yard.

Do you desire to make a similar proposal?

It was agreed that the age of the ship was to be the age at the date of loss. Whenever a Dutch steamer is lost it was agreed that notice should be given to the Dutch Shipowners' Association through the British or American representative at The Hague and that the Dutch owner should announce his option for replacement or payment in cash through the same channel.

File No. 656.119/617

The Secretary of State to the Minister in the Netherlands (Garrett)

[Telegram]

WASHINGTON, August 27, 1918, 6 p. m.

1974. Legation 3437, July 14, noon, and supplementing Department 1904, August 10, 2 p. m.¹ The proposed agreement with the N[etherlands] O[versea] T[rust] should be made with the War Trade Board of the United States. This agreement should be a separate and distinct agreement from the agreement made with the N.O.T. by the other Associated Governments, although the War Trade Board agreement may be concluded simultaneously with the others and be as nearly identical with them as is practicable, in view of the somewhat different point of view of this Government from that of the other Associated Governments. The following is the comment of the Department and the War Trade Board on the points enumerated in your 3437:

Article 1. Is the present arrangement whereby wheat and other foodstuffs are consigned directly to the Netherlands Government to continue or will the N.O.T. be substituted for the Government? See Netherlands agreement print,² page 3, section 14, and page 37.

Articles 2 and 3. The bill of lading should contain the name of the importer.

Articles 4, 5, 6, 7, and 11. In view of the policy of this Government with respect to the trade of neutrals, it is not desired by the agreement with the N.O.T. to seek to control the movement of ships and commodities except through the control of ships that belong to the United States or persons of the United States, or through the control of commodities coming from or to the United States, or through the prevention of trade with the enemy direct or indirect by persons in the United States, leaving out of consideration for the moment measures of prevention by maritime capture, etc. For these reasons it is not desired that the War Trade Board agreement with the N.O.T. stipulate for the control of vessels that do not touch at ports of United States or elsewhere where the United States furnishes or controls bunkers or other supplies from the United States, or the control of commodities which do not come from or to the United States.

Subject to the foregoing limitations the principles of 4, 5, 6, 7, and 11 are approved. The limitations involved by the policy of this Government as above expressed must however be taken into account in drafting all parts of the agreement, and the suggestions hereinafter made are to be worked out subject to these limitations. A

¹The latter not printed.²Not printed.

broader control covering commodities and vessels not coming under the United States territorial jurisdiction may subsequently be secured by voluntary agreement with the Netherlands Government in return for certain concessions which we may make as part of a rationing agreement.

Article 8 raises, by implication, the whole question of re-exports from Holland which should be carefully considered. The British and French agreements with the N.O.T. both provide that the Trust guarantees consumption in Holland of all merchandise consigned to it including all articles and products manufactured or composed from such imported merchandise. This does not, however, prevent re-export to a Dutch colony, and, with the exception of articles enumerated, does not prevent re-export to a neutral country if the Trust guarantees consumption in that neutral country, and if intermediate transportation is not through an enemy country. Effort should be made to obtain from the Trust an assurance that exports will be made exclusively to one of the Associated Governments when the exported articles are made in Holland out of product received in Holland by virtue of the authorization of an Associated Government.

The French agreement, made later than the British, contains a more extended list of enumerated articles not to be exported to neutral countries. The further possible extension of this list should be considered. The British and French agreements contain no clauses specifying who the consignees shall be in neutral countries, but merely require the Trust to guarantee consumption in such neutral countries. Later communications, however, require a guarantee from the Danish associations and from Norwegian individual importers and associations and prohibit exports to Sweden. See agreement print, pages 8 and 9. It should be possible now to revise these arrangements, especially as regards Norway and Sweden, in view of the control machinery now being set up in these countries.

In a supplementary letter to the French agreement, the Trust adds that it will endeavor as much as possible to prevent the export of merchandise existing or produced in Holland which is freed by imports to the Trust and is similar to such imports. The term "similaire" is considered to mean products corresponding to the same needs as those consigned to the Trust. See agreement print, page 32. In the pending negotiations will there not be an opportunity to arrange that Dutch potatoes and perhaps some other foodstuffs be treated as articles "similaire" to bread cereals? In the Swedish agreement all foodstuffs are listed as articles "similaire" to bread cereals. See agreement print, page 30. This would require modification of the agreement by the British and General Trading Association and the Landbouw Export Bureau relating to the export of agricultural products. See agreement print, page 38.

Articles 9 and 10 seem proper.

Referring further to article 11. It is suggested that it might be desirable to qualify the 5 per cent clause so as to allow objections to be made by the War Trade Board or I[nter-] A[llied] T[rade] C[ommittee] in case of abuse. In connection with this article it might be proper to refer to goods of Dutch origin or goods imported from neutrals via Germany or from the Allies. These three classes are covered in the British and French agreements under licensed goods from Dutch home ports. Section 18(a)-(e), page 3, and section 18(a)-(e), page 30, in the agreement print might serve as a basis for this subject. To what extent, if any, is it now expected that the Netherlands Export Co. should take over the N.O.T. functions in this class of cases?

Articles 12 and 13. Treasury Department desires that no financial clauses be inserted in agreement and that for present existing status of financial control be not disturbed. It is desired that in lieu of articles 12 and 13 there be substituted a general clause to effect that N.O.T. will subsequently, when requested by or on behalf of United States, accept such financial clauses as may then be eventually agreed to.

Following additional comments are submitted for your consideration:

(a) The skeleton set forth in your cable does not touch upon the general question of supervision and detention of ships and goods *en route* to or from Holland. This subject is covered in the first part of both the French and British agreements under which control is left to the British. Should we not share in this shipping control to the extent that it will be exercised regarding ships touching United States ports and lifting cargoes covered by export licenses issued by War Trade Board? See your cablegram January 29¹ in this connection.

(b) There should be a clause to the effect that the Trust will furnish as far as practical all information regarding Dutch products and imports and exports whether or not included within the agreement.

You are authorized to discuss the foregoing with your British, French, and Italian colleagues and to draft a tentative form of agreement in accordance with the foregoing instructions. When such an agreement has been drafted the complete text thereof should be forwarded to the Department for the final approval of the Department and of the War Trade Board and that proper instructions may be given for the execution of the same on behalf of the War Trade Board. It is suggested that you obtain from Sheldon, unless you already have them, the form of proposed agreement with the Nor-

¹ Not printed.

wegian Trade Association and copies of the Swedish and Norwegian agreements. These may be useful to you in drafting the agreement with the N.O.T.

LANSING

File No. 656.119/716

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, August 28, 1918, noon.

[Received 8.48 p. m.]

4142. Sheldon forwards me copy of your telegram to him, number and date unknown to me:¹

We have authorized the sailing of the *Nieuw Amsterdam* with the cargo of grain for the use of the Netherlands Government upon condition that the vessel after her return to the United States will lift a cargo for Belgian Relief and have communicated this fact to the Dutch Chargé d'Affaires today.

The latter part of your telegram instructs Sheldon to furnish you immediately with details of the alleged published protest of May 27 by the Dutch Government against the German notification of article 55(c). For details of that protest see my 2980, May 31, 1 p. m.²

Although that protest has been published it cannot be said to have become widely known to the Dutch people nor does it seem to be clear to them that the detention of their ships and the nonarrival of supplies is entirely due to this German restriction. If goods were known to be awaiting shipment, further protests by the Dutch Government or demands for relaxation of the German restrictions might possibly be expected to have some effect, but until there are goods awaiting shipment the Germans might meet such protests or demands by claiming that there is scarcely any necessity for allowing these ships to go to America as there were no cargoes in America at the disposal of the Dutch Government for them to lift. If the Germans backed down before such demands and allowed large numbers of ships to go for which there were no cargoes, we would, to say the least of it, gain no advantage. It is understood that there are thousands of tons of goods in America awaiting shipment to Holland unloaded from the requisitioned ships as well as goods already licensed for shipment under relaxation of embargo lists. Could not the War Trade Board make a statement showing roughly the amount of these goods and that they are ready to be shipped and only await the arrival of the Dutch ships now detained by Germany? But of course such a statement should not be made as long as the *Nieuw*

¹ Department's No. 926, War Trade Board's No. 1067, Aug. 23.

² *Ante*, p. 1498.

Amsterdam, the only ship now freely sailing between the United States and Holland, is not allowed by us to take these or the Dutch goods. Perhaps by making such a statement as the one suggested above we can indicate a satisfactory line for public opinion to follow while awaiting a more definite statement as to our intentions in regard to the rationing of Holland.

The press announces that some 35,000 bags of coffee have recently arrived here from England and that some 10,000 cases of tea and additional coffee are expected, as well as other goods taken from Dutch ships requisitioned by England. Vessels are moreover constantly bringing from England goods on the Department's embargo lists. Nothing is desired from America as a result. Effect of recent decision in regard to the *Nieuw Amsterdam* may almost be said to be a virtual nullification by us for time being of the relaxation of embargo lists and a loss of what we intended to gain by having such list. We have discovered in the relaxation of embargo lists a weapon to combat German commercial aggression and its political effect; by using this weapon in a purely negative way, as at present, we may be said to be getting no value out of it at all.

GARRETT

File No. 656.119/730

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, *September 2, 1918, 7 p. m.*

[Received (*September 3?*) 10.50 a. m.]

1556. War Trade Board [from Sheldon]:

1351. Dutch N[ederlandsche] U[itvoer] M[aatschappij] have expressed a desire to Foreign Office to send delegates to London to negotiate for a fish agreement the broad outlines of which are that 5,000 tons may be exported from Holland each quarter, provided that two-fifth of this amount to go to Belgian relief. The Foreign Office submitted to A[llied] B[lockade] C[ommittee] the suggestion of N.U.M. to come to London to negotiate, and A.B.C. [replied] that delegates of the Associated Governments would be prepared to meet the N.U.M. delegates on the understanding that the agreement would be subject to ratification by the Dutch Government, and should be scheduled with a general agreement, should one later be concluded with Holland.

The communication that Snouck made privately to our Legation with a view to sounding the Associated Governments as to what exports to the Central Powers would be permitted, would lead to the belief that the Dutch are anxious to come to terms with Associated Governments, before coming to an agreement with Central Powers.

The obvious answer to the Dutch inquiries is: that no intimation can be given as to the exports which will be allowed to the Central Powers, until a definite agreement is concluded between Holland and the Associated Governments, and I believe that there is now more hope of the Dutch sending negotiators here if only the constitution of the new Dutch Government could be determined. Foreign Office are rather inclined to the belief that it would be advisable to start negotiations here with the representatives of the N[etherlands] O[versea] T[rust] which could subsequently be ratified by the Dutch Government.

Mr. Garrett has been shown the foregoing. He approves of the plan to start negotiations with the N.O.T. in the belief that should an accord be reached with N.O.T. delegates, whatever government were in power would find it very difficult not to ratify the accord, owing to the strong opinion that would exist in Holland for its conclusion. The London *Times* today contains a despatch from The Hague according to which the new Dutch ministry is expected to be constituted this week, with Ruys de Beerenbrouck, Minister of the Interior, and Van Karnebeek, Minister for Foreign Affairs. Foreign Office have received report from Townley containing interesting information which though unofficial was obtained from confidential sources to which they attach importance. He reports that a remarkable change has recently taken place in the attitude of the Dutch toward an agreement with the Allies. He believes that the new Cabinet may be formed within a few days which would be inspired by more favorable spirit to Associated Governments and that an agreement might be reached on the basis of acceptance of previous proposals for agreement. Foreign Office earnestly hopes that for a short time at least you will abandon proposed plan of offering temporary rations or contemplating any concessions regarding Dutch imports.

PAGE

File No. 658.119/763

The Netherland Chargé (De Beaufort) to the Secretary of State

WASHINGTON, September 3, 1918.

SIR: I have the honor to acknowledge the receipt of your note of August 21, 1918,¹ concerning certain ships which my Government desires to use in transporting grain cereals to the Netherlands. I have not failed to acquaint my Government with the contents of this note and have now received instructions enabling me to give the following reply:

The Minister for Foreign Affairs at The Hague has been informed by the American Minister there that he cabled a very complete

¹ Not printed.

statement to your Department relative to the reply Jonkheer Loudon gave on May 27 last to a member of Parliament and in which he communicated the protest of Her Majesty's Government against the modification of article 55 of the German prize regulation.¹ If nevertheless you desire to obtain for submission to the President the exact text of the reply in question, my Government will enable me to forward it to you.

Jonkheer Loudon observed to the American Minister—and wishes me to call the same point to your attention—that in Holland the most efficient method to obtain publicity is to reply in writing to a written question of a member of Parliament. These are not ordinary questions and replies which may escape public attention. To the contrary these questions and replies are always prominently published by the newspapers and this was also done in regard to the question and reply concerning the protest mentioned above. The people of the Netherlands was consequently placed in a position to reach an unprejudiced conclusion and the Minister for Foreign Affairs is convinced that it has indeed reached such conclusion in the sense indicated by the President although not much comment has been made by the Dutch press.

My Government is confident that the above will furnish the President with the further information he desires and that no more impediment stands in the way of a favorable decision.

Please accept [etc.]

W. DE BEAUFORT

Agreement for the Resumption of General Negotiations with the Netherlands Government—American Public Statement on the Negotiations, September 20—Report of the Shipping Board on Dutch Ships, Crews, and Car-goes—American Offer of Coal to the Netherlands on Condition of Complete Embargo on Food Exports to Germany

File No. 656.119/763a

The Secretary of State to the Chargé in the Netherlands (Kirk)

[Telegram]

WASHINGTON, September 13, 1918, 7 p. m.

2047. You are authorized to deliver to the Foreign Office a note of the following tenor:

As has often been stated previously by the Government of the United States, that Government is prepared to renew discussions for the conclusion of an understanding under which the Government of the United States will feel that it can properly offer facilities for the resumption of imports to the Netherlands to meet the requirements of her people and to afford relief to her industries and if the Netherlands Government determines to appoint a representative having full power to conduct such discussions, the Government

¹Telegram No. 2980, May 31, from the Minister in the Netherlands, *ante*, p. 1498.

of the United States, acting in conjunction with its associates in the war, will welcome such a delegate and be pleased to enter into discussion with him. While the Government of the United States cannot agree to the export to the Central Powers of articles which are of prime necessity or of military importance to the enemy, it is recognized by the Government of the United States that the Netherlands are in certain difficulty, owing to the fact that they are dependent on Germany for certain materials. The Government of the United States is prepared to consider suggestions as to any scheme under which such dependence could be reduced.

It is understood that the British Minister has already been instructed by the Foreign Office to deliver a substantially similar note and it is desired if possible that the delivery of these notes be contemporaneous.

LANSING

File No. 656.119/845a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, September 17, 1918, 8 p. m.

1433. For Sheldon [from War Trade Board]:

No. 1237. We have read with great interest your despatch 5267 on trade with northern neutrals.¹ In view of possible misunderstandings which may still exist relative to our policy toward the Netherlands, we wish to point out that we have never advocated a policy of actually giving to the Netherlands any quota of rations prior to the conclusion of a general agreement. What we have, however, strongly urged is taking advantage of Germany's refusal to let Dutch use their ships by making an offer which on account of Germany's position Dutch would be unable to accept but the making of which offer would present clearly to the Dutch people the fact that responsibility for failure to receive imports rests with Germany and not with Associated Governments.

LANSING

File No. 763.72112Sa/117c

The Secretary of State to the Netherland Chargé (De Beaufort)

WASHINGTON, September 20, 1918.

SIR: Referring further to your notes of May 25, June 6, July 10, July 23, August 8 and September 3,² and to my replies thereto under dates of July 9, July 10, August 6, August 21 and September 16,³

¹ Not printed.

² Notes of July 10 and 23 not printed; the other notes of the Netherland Chargé here mentioned are printed, *ante*, pp. 1495, 1500, 1518, and 1529, respectively.

³ Notes of July 10, Aug. 21, and Sept. 16 not printed; the other notes of the Secretary of State here mentioned are printed, *ante*, pp. 1510 and 1517, respectively.

I am now instructed by the President to inform you that the nature and extent of the publicity given by the Netherlands Government to its protest against the addition to article 55(c) of the German prize regulations as communicated to you in the above-mentioned notes to this Department, are not such as to satisfy the requirements which the President has had in mind, and to which I had the honor to call your particular attention in my notes of July 9 and August 6.

Accordingly, I have the honor to inform you that, at the direction of the President, I am issuing today to the press in this country, a statement, a copy of which I enclose.¹

Accept [etc.]

ROBERT LANSING

File No. 763.72112Sa/53

The Secretary of State to the Chargé in the Netherlands (Kirk)

[Telegram]

WASHINGTON, September 20, 1918, 3 p. m.

2078. Your 4149, August 29, 9 a. m.,² and other cables on this subject. It has been decided to inform the Netherlands Chargé d'Affaires that the President is not satisfied with the nature and extent of the publicity given by the Netherlands Government to its protest against the addition to article 55(c) of the German prize regulations, as communicated by him to the Department. Contemporaneously with this information, a full statement is being issued to the press in this country setting forth the attitude of the United States toward exports to Holland and the use of Dutch ships in connection therewith. Copies of this statement are being furnished to the Netherlands Legation, and the British and French Embassies in Washington and to Sheldon, who is instructed to inform the British blockade officials. The text of the statement follows. You are instructed to take such steps as to ensure its publication in full in the Dutch press as well as to adopt any other means which in your judgment seem advisable to secure the widest publicity, always taking care to make it very clear that the statement was first published in the American press.

In view of apparent misapprehension as to the attitude of the Government of the United States toward exports to the Netherlands, the Department of State of the United States has issued the following statement:

It has always been, and still is, the desire of the United States Government that the resources of the United States, in so far as they can be spared from purposes essential to the successful prosecution of the war, be made available under proper safeguards to neutral countries in order to assist them in the main-

¹ See *infra*, telegram No. 2078, Sept. 20, to the Chargé in the Netherlands, quoting the statement.

² Not printed.

tenance of their economic life. The sincerity of this desire has been evidenced by arrangements concluded by the War Trade Board with the authorities of Switzerland, Norway, Sweden, Denmark, and Spain, whereby these countries are today obtaining from overseas from the United States and elsewhere important supplies of essential foodstuffs, raw materials and manufactured articles. It has been the hope of this Government that an arrangement could be reached by the War Trade Board with the Netherlands authorities similar to those reached with other neutrals similarly situated, whereby imports from the United States to the Netherlands might be permitted. An understanding was, as is known, tentatively reached in London in January of the current year pursuant to which the United States and the Allied Governments would have facilitated the import to the Netherlands of ample amounts of those supplies which were judged essential for the economic life of the country. This arrangement failed to receive the assent of the Netherlands authorities. Had it not so failed, among the supplies, the import of which would have been facilitated by the United States and the Allied Governments, were the following:

Bread cereals-----	Amount to meet actual requirements
Petroleum products-----	140,000 tons
Cotton and cotton products--	26,000 "
Copper-----	4,000 "
Magnesite -----	4,000 "
Coffee-----	35,000 "
Cocoa-----	8,000 "
Tea-----	5,000 "
Nuts, etc-----	1,000 "
Hemp-----	3,500 "
Jute-----	5,000 "
Fibers-----	1,200 "
Lead and lead manufactures--	4,000 "

Also substantial amounts of such commodities as tobacco, iron and steel manufactures, textiles, turpentine, rosin, waxes, capoc, tanning materials, aluminum, antimony, castor oil, chemicals, etc., etc.

The War Trade Board of the United States has at all times been ready in conjunction with the authorities of the Allied Governments, and on reasonable conditions, to conform to an arrangement similar to that which failed of approval, taking into account such changes as may have since occurred in the positions of the several countries concerned with respect to their needs and their supplies. As an earnest of this spirit, and in response to urgent representations of the Netherlands Government as to the privations faced by the Dutch people, the United States and the Allied Governments some months ago offered unconditionally to place at the disposal of the Dutch people 100,000 tons of bread cereals, which it was estimated would tide over the period until the new Dutch crops should be harvested. Under the terms of the offer, these cereals were to be lifted by the employment of some portion of the large number of Dutch vessels lying idle in Dutch European ports. It has developed, however, that owing to German threats against Dutch shipping, the Netherlands Government had not felt in

a position to avail itself of this offer of bread cereals, or apparently to avail itself of the willingness of the United States and the Allied Governments to place other supplies at the disposal of the Dutch people. These threats against Dutch shipping have accordingly for many months held idle without financial return and suffering physical deterioration more than 400,000 tons of Dutch shipping in Netherlands European ports, rendering this shipping unavailable either to lift the bread cereals which have been offered, or, if a general commercial understanding should be reached, to lift the other supplies which the United States and the Allied Governments would put at the disposal of the Netherlands Government.

It may be noted that this tonnage constitutes the only block of neutral tonnage in the world which is not engaged in useful activity. In order, however, to relieve the Dutch people from a serious food shortage reported by the Netherlands Government, the War Trade Board of the United States in accord with the authorities of the Allied Governments, as a further exceptional measure of relief, freely licensed bunker coal and ships stores to permit of substantial amounts of grain cereals being lifted by vessels other than those which had originally been stipulated for. Thus, the *Nieuw Amsterdam* and certain vessels normally employed in western Atlantic trade have transported approximately 50,000 tons of bread cereals to the Netherlands. The balance, largely in the Argentine, remains unlifted now for nearly six months, because of acquiescence in the position of Germany, which, while receiving from the Netherlands large amounts of foodstuffs, at the same time threatens with destruction Dutch vessels which might be sent even to another neutral country to lift grain for the Dutch people.

Commercial relations between the United States and the Dutch colonies have been resumed on a normal basis. In these waters, free from the menace of German submarine activity, Dutch shipping moves freely in the transport of commodities between the United States and the Dutch East Indies. It is the hope of the United States Government that ships may be sent out from Dutch ports to lift the grain which is awaiting shipment to the Netherlands, thereby opening the way for a general resumption of trade relations between the United States and the Netherlands similar to that which is so happily existing between the United States and the Dutch colonies.

LANSING

File No. 656.119/766

The Chargé in the Netherlands (Kirk) to the Secretary of State

[Telegram]

THE HAGUE, September 21, 1918, 1 p. m.

[Received September 22, 12.10 p. m.]

4525. My 4439, September 16, 6 p. m.¹ British Chargé d'Affaires has received instructions similar to those contained in your 2047,

¹ Not printed.

September 13, 7 p. m., and has despatched note in that sense to Foreign Office. Minister for Foreign Affairs in an interview today informed British colleague and myself that Netherlands Government is ready to resume negotiations and to appoint one or more representatives to enter into discussion with Associated Governments. He states, however, that it is needless for him to select delegates until decision has been reached regarding place where conversations will be held as some of persons whom he has in mind may not be able to accept appointments if meetings are held elsewhere than at The Hague. Karnebeek said that his predecessor was in favor of having discussion take place here and that he, for his part, is of same opinion. He mentioned in this connection, that Dutch negotiations with Centrals would begin at The Hague early next week and that he considered it would be advantageous to have discussion with Associated Governments carried on at the same time and place. He furthermore said that in view of past occurrences, it would be gratifying to Holland if Associated Governments would send representatives to The Hague instead of asking Dutch Government to carry on discussion elsewhere and intimated that whole matter might be settled very quickly and in a very favorable manner if meetings took place on the spot where exact conditions could be more readily judged. He asked my British colleagues and myself if we would ascertain the wishes of our respective Governments in the matter and stated that he made this request orally rather than in writing in order that the definite arrangements for the discussion might not be delayed any longer than was absolutely necessary.

My British colleague has recommended to his Government that meeting take place at The Hague and not at London. I have expressed no opinion on matter as Department in its 2047, September 13, 7 p. m., [conveyed] no definite expression of preference between The Hague and London and as it may consider Washington desirable place for negotiations. In this connection see Mr. Garrett's 3096, June 8, 1918,¹ regarding disadvantages of holding discussions at The Hague.

KIRK

File No. 656.119/772

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, September 24, 1918, 6 p. m.

[Received 8.12 p. m.]

2175. War Trade Board [from Sheldon]:

No. 1497. Foreign Office are strongly of the opinion that N[etherlands] O[versea] T[rust] agreement should be joint rather than

¹ Not printed.

separate, pointing out importance of maintaining control by N.O.T., as control by Dutch Government would be less satisfactory. They state that "We feel sure that to have separate and varying agreement would weaken not only the Trust but the whole position from a blockade point of view." Leverton Harris has also written me personally regarding agreement stating it will lose much of its value if the United States are not parties to it. British Minister at The Hague has also telegraphed Foreign Office indicating that separate agreements might tend to weaken N.O.T.'s control and stating I would point out that Dutch Government are very anxious to reduce as far as possible the power of the Trust and care should be taken not to facilitate this in any way. Will you ask Edwards keep me posted by telegraph how negotiations being conducted by him are proceeding, and to give me an outline showing differences between what he is aiming to conclude and the British draft of which he has a copy.

PAGE

File No. 656.119/798

*The Chairman of the Shipping Board (Hurley) to President Wilson*¹

REPORT ON NEGOTIATIONS ARISING OUT OF REQUISITIONING OF DUTCH
VESSELS

On March 20, 1918, the President issued a proclamation taking over, in accordance with international law and practice, and under authority of the act of June 15, 1917, all vessels of Netherlands registry "now lying within the territorial waters of the United States." The proclamation authorized the Secretary of the Navy to take over the vessels, and directed that they be manned, equipped and operated by the Navy Department and the United States Shipping Board, "as may be deemed expedient." The Shipping Board was directed to make compensation for the vessels "in accordance with the principles of international law."

Under authority of this proclamation there were taken over by the Navy Department 87 Dutch vessels, of 522,746 deadweight tons, lying in widely scattered ports of the United States, including Porto Rico and the Philippines. Several vessels in the Panama Canal Zone were at first taken, but were almost immediately, upon instructions from the State Department, released, in view of treaty obligations prohibiting the exercise of belligerent authority in the Zone.

To fit this great merchant fleet for service proved to be a task of the first magnitude. Many of the ships were out of repair; most of

¹ Copy sent to the Secretary of State on Sept. 26, 1918.

them required gun mounts and extra gun crew quarters; many were loaded with rich colonial and South American cargoes for which storage space must be found. All the Netherlands crews had to be removed and the vessels completely re-manned, from deck hand to master, with American civilian or naval crews. The rapidity with which the vessels were put into service, despite these obstacles, has been an achievement which only the large resources of the Navy Department and of the Shipping Board have made possible.

In general, the Dutch vessels assigned for transatlantic service were manned by the Navy Department, and those used in coastwise and South American services essential to the prosecution of the war were manned by the Shipping Board. In manning the latter vessels, the Board did not follow its usual practice of assigning the vessels to private corporations or to the Emergency Fleet Corporation, to man and operate for government account, but itself directly employed the crews, so that there might be no doubt as to the governmental character of the use of the vessels, and no suggestion of any commercial element in their operation.

In addition to the operation of a substantial number of the Dutch ships, the Shipping Board has been concerned with the following matters, directly arising out of the requisitioning of the ships, to which this report is especially directed:

1. Negotiation and settlement of terms of compensation for the use of the ships.
2. Maintenance and repatriation of the Dutch crews, and settlement of indemnity for losses incurred by them.
3. Care and disposition of cargoes on the vessels, and settlement of terms of compensation to Dutch cargo owners.

The progress and present status of these three matters will be dealt with under separate headings.

I. TERMS OF COMPENSATION OF SHIPOWNERS

In recommending the terms of compensation to shipowners which the United States Government should offer to the Netherlands Government, the Shipping Board was guided by two considerations: first, that the terms of compensation for ships taken by force should be at least as favorable to the shipowners as the most liberal terms which had theretofore been offered or agreed upon for ships voluntarily chartered; and second, that the terms should be, so far as possible, identical with the terms proposed by Great Britain for the Dutch ships requisitioned by her at the same time.

On March 21 (the day after the issuance of the President's proclamation), the Shipping Board cabled its London representative, Commissioner Stevens, to propose to the British authorities a rate

of hire, per month, of 35 shillings per deadweight ton for vessels trading in the war zone, and for safe trades a rate based upon prevailing Chartering Committee rates, the United States assuming in all cases all expenses of operation and both war and marine risks. The British authorities proved to be strongly of the opinion that the 35 shilling rate be allowed for all vessels, whether used in the war zone or in safe trades, on the ground that they were committed to that course by precedents established in the case of neutral ships requisitioned by them earlier in the war. Since there was much to be said for the justice of treating all the vessels alike, the Shipping Board instructed Mr. Stevens to acquiesce in the British proposal, and on April 12 identical statements were cabled to the American and British Ministers at The Hague, and transmitted to the Netherlands Government. It is believed that the prompt announcement and publication in Holland of these liberal terms did much to quiet the fears of the Dutch shipowners, and laid the foundation for the friendly spirit in which all subsequent negotiations have been conducted.

No formal acceptance of this proposal has been received from the Netherlands Government. Payment in accordance with the proposed terms has, however, been made monthly to the shipowners, and receipted for in full of all claims for hire. It may be assumed, therefore, that the terms are acceptable.

One important matter remained to be settled—the terms upon which the owners should be compensated for vessels lost while in the service of the United States. In the identic note of the British and American Ministers at The Hague, the shipowners were offered the option of payment in cash according to a scale of values later to be communicated, or substitution of the lost vessel by a new vessel, as soon as possible after the war. The establishment of a satisfactory scale of values proved to be exceedingly difficult. The Shipping Board was strongly of the opinion that the lowest values which could be considered were those which had been previously agreed upon in the case of Swedish chartered ships—namely, £50 per deadweight ton for ships under 10 years of age, £45 per deadweight ton for ships from 10 to 30 years of age, and £35 per deadweight ton for ships over 30 years of age. The British authorities, however, were impressed with the danger that if these liberal terms were offered the owners might elect to receive money rather than new ships, and that the withdrawal of funds consequent on the heavy payments involved would disturb the exchange rate between London and Rotterdam to an extent which would be disastrous to the large program of Holland purchases.

After protracted conferences both in London and Washington, and several interchanges of cables, it was agreed to offer the Dutch the Swedish values, with the proposal, for the protection of the exchange rate, that 50 per cent. of any money payable as compensation be invested in the United States or Great Britain for a period of years, and 50 per cent. covered by loan in Holland. This proposal has recently been discussed in London by British, American and Dutch representatives, and in principle agreed to by the Dutch. An exchange of notes confirming the agreement will be necessary to close the matter.

II. MAINTENANCE AND REPATRIATION OF DUTCH CREWS

There were on the Dutch vessels, at the time they were requisitioned, no less than 2,934 seamen of Dutch or Dutch colonial, and in some cases Chinese, nationality. Whatever the technical obligations of the United States might be toward these men, it was clearly of the utmost importance that they be given the most hospitable treatment, and that any losses which they might sustain be repaid them liberally. Many of the men were without funds, and did not know the language, and to have thrown them on their own resources would have caused them severe hardship. Obviously, we could not afford to have nearly three thousand Dutch subjects return to Holland with a grievance, to disseminate ill feeling against the United States.

Instructions were, therefore, issued by the Navy Department to inform all the Dutch crews that they should consider themselves guests of the American Nation; that their former wages would be paid them until they were repatriated; and that their maintenance and travelling expenses would be defrayed. The Bureau of Immigration of the Labor Department then took charge of the men and arranged for hotel accommodations and transportation to the port from which they were to sail. The Shipping Board saw to it that the men were kept in funds, by advancing them, through its local offices, a half month's wages.

The Dutch liner *Nieuw Amsterdam* was due to sail on March 28, and all the men for whom accommodations could be found were rushed to New York to catch this ship. In all, 1,651 sailed on the *Nieuw Amsterdam*. In the haste of their departure many officers and men were obliged to leave trunks, and other personal belongings, on the Dutch vessels. In all such cases the Board either defrayed the expense of replacing the lost belongings, or made adequate money compensation.

The scarcity of sailings to Holland and to the Dutch colonial possessions necessitated long delays before the remainder of the men

could be repatriated; but by July 3 all but three of the men desiring repatriation had sailed.

The three were detained by illness and have since returned. During the period of waiting, of course, the United States was under obligation to pay them wages and maintenance.

At first, the policy was adopted of assigning the men to hotels, and instructing the hotels to bill the Government for their maintenance. This course met with some objection, since it left the men without pocket money, and led to complaints that certain hotels were taking advantage of them by furnishing inferior accommodations. A scale of maintenance allowances was therefore drawn up, in conference with the Netherlands Consul General, and paid the men weekly by the Paymaster of the Shipping Board. The scale was liberal, and the weekly disbursements, because of the large number involved, were necessarily heavy; but it was felt that this was obviously not a field in which a niggardly policy would be justified.

As to wages, the Shipping Board recommended to the State Department that the United States Government pledge itself to pay full wages up to the date of repatriation, or in the case of men who remain in the United States, up to the date of discharge, and, in addition, one month's wages, to compensate for loss of employment, and on instructions from the State Department this proposal (which was identical with that submitted by the British) was made to the Netherlands Government by the American Minister at The Hague. Arrangements have been made by which the total amount so promised is being paid the men on their arrival by the Holland shipping companies, the companies being reimbursed by the American Consul General at Rotterdam, who, in turn, draws on the Emergency Fleet Corporation for repayment.

In addition, the Shipping Board has defrayed medical and hospital expenses of several members of Dutch crews who were injured or ill, and the State Department, on the recommendation of the Shipping Board, has pledged the United States to assume insurance liabilities for Dutch crews in accordance with Dutch law. It is not believed that there will be any expenses on this account, since the return of the men to Holland and the colonies occurred in every case without mishap.

It is impossible as yet to make a final estimate of the total expense under this heading. To date, bills for transportation (railroad and steamship), hotel expenses, maintenance allowance, and wages, either paid or approved for payment, amount to \$862,836. As a rough estimate, the total may be \$1,300,000. Since there is probably no Shipping Board appropriation available from which this expense

can be met, it will be necessary to request an allotment under the President's emergency fund.

III. DISPOSITION OF CARGOES AND SETTLEMENT OF CLAIMS OF CARGO OWNERS

Twenty-one of the Dutch vessels requisitioned on March 20 contained cargoes owned by or consigned to Dutch subjects. Complicated questions have arisen, first as to the disposition of the cargoes, and second as to the settlement of pecuniary claims of the owners of the cargoes.

In disposing of the cargoes, the first consideration has necessarily been the freeing of the ships and of essential dock and storage space for war purposes. The cargo was, therefore, stored wherever storage space was procurable, it being often necessary, owing to the congestion in the principal ports, to send cargoes hundreds of miles away to ports less congested. In view of the uncertainty as to what would be our liability, the cargo was stored "for account of whom it might concern"; but the expense of transshipping and storing the cargo was borne by the Shipping Board, and the cargoes were covered by insurance at the Shipping Board's expense.

The second consideration, of almost equal importance, was the protection of the interests of the owners of the cargoes. To appreciate the importance of this consideration, it must be realized that the cargoes were of great value—individual cargoes were worth up to \$2,000,000—that they were made up of a large number of individual shipments, represented by bills of lading widely scattered throughout the banks and commercial houses of Holland and her colonies, and that the holders of the bills of lading were threatened with serious financial embarrassment if their interests were not protected. If the most serious resentment in Holland was to be avoided, it was necessary to deal promptly and fairly with the owners of the cargoes.

Every effort was made, therefore, to forward to the original destination on substitute vessels, such cargo as it was possible to forward. Cargoes in transit for South America were transhipped to sailing vessels and small steamers, unsuitable for transatlantic trade. A Dutch vessel was chartered to forward cargo consigned to the Dutch East Indies. Cargoes taken over on the Pacific Coast, or at the Philippines, and consigned to Atlantic ports, were forwarded on the original Dutch vessels. At the present time virtually all the cargo capable of being forwarded has been delivered. With respect to these cargoes the Shipping Board recommended to the State Department that the United States Government agree to bear any expense due to the necessity of transshipping and forwarding the cargo, beyond the normal cost of delivering the cargo in the original vessel. This pro-

posal was made by the State Department to the Dutch Government, and accepted by the Dutch Government as fully protecting the interests of cargo owners.

More difficult to deal with were the claims of owners of cargo consigned to Holland, which could not be forwarded.

A considerable portion of this cargo was damaged, and in danger of rapidly deteriorating. To avoid serious loss, quick action was necessary; it was not possible to consult the many hundreds of holders of bills of lading. The Shipping Board, therefore, considered itself entitled to exercise the discretion conferred by maritime law on the master of the vessel, by selling the cargo for the interest of all concerned. The undamaged cargo has been held in storage pending receipt of formal authority to sell from the owners.

A memorandum proposing a basis of settlement with the cargo owners was transmitted by the Chairman to the President, and by him approved on April 16. It recommended that the United States Government offer to reimburse the owners of the cargoes on a basis of the prices the goods would have brought in Holland, less the expenses of shipment from the United States to Holland. This proposal was made to the Dutch Government by the State Department, on June 7.¹ The Dutch Government replied, accepting the proposal, as to two of the vessels, and proposing as an alternative, for three others (comprising Dutch colonial cargoes), a settlement on a basis of values at place and time of shipment, on shipped weights and qualities, plus certain additions covering freight, insurance and interest from point of shipment to the United States. This counter-suggestion was urged on the ground of its greater simplicity and the greater promptness with which settlements could be made. It involved a basis of value which was much lower than the one proposed by the United States; on the other hand it placed on the United States the loss due to damage and shrinkage of cargo.

After a careful weighing of the alternative plans, the Shipping Board recommended to the State Department that the counter-proposal be accepted in principle. The State Department so advised the Dutch Government, and a reply has been received confirming the agreement as to these vessels.

This settlement involves, it should be noted, the purchase by the United States of the cargoes involved. The Shipping Board will undertake, thereupon, to sell the cargoes, and arrangements in this direction are already being made, under competent expert guidance. Much of the cargo is of value to the War and Navy Departments, and can be sold to them.

¹ Note of June 7 to the Netherland Chargé not printed.

The principles to be followed being thus virtually agreed upon, there remains a large amount of detailed work in the application of these principles to the thousand or more individual claims involved. A committee has been designated by the State Department to represent the Shipping Board in adjusting these claims, and the work of gathering the necessary data is under way.

The net cost of these settlements will probably not be very large, since receipts from the sale of the cargo can be set off against the expenditures. It will be necessary, however, from time to time to request the President to set aside, out of his emergency fund, sufficient to meet the expenditures, as they are incurred. To what extent these expenditures can be reimbursed out of receipts is a question which will probably require a decision from the Comptroller of the Treasury.

File No. 656.119/834a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, September 26, 1918, 4 p. m.

1631. For Sheldon [from War Trade Board]:

No. 1285. We have declined to accede to the request of the Dutch Chargé that the Dutch S.S. *Frisia*, which is now about to sail from Argentina for Holland via New York, be permitted to load in the United States an additional cargo of grain, representing the difference between the quantity of coal to be consumed upon her trip from Buenos Aires to New York and the quantity required for her trip from New York to Holland, some 500 tons. You will recall that we permitted this some time ago in the case of the S.S. *Hollandia*. We are now of the opinion that no further exportation of foodstuffs should be permitted to be made from the United States to Holland until the conclusion of some more satisfactory arrangement with that country.

LANSING

File No. 656.119/772

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, October 1, 1918, 3 p. m.

1708. For Sheldon [from War Trade Board]:

No. 1322. Your 1497, Embassy 2175, September 24, 6 p. m.¹ British Embassy have discussed with us the subject of our agreement with the N[etherlands] O[versea] T[rust] and they have in-

¹ *Ante*, p. 1535.

formally expressed themselves as being entirely satisfied with our attitude which the Foreign Office evidently did not understand. We are fully in accord with the principle of utilizing the N.O.T. as a control organization and it is not our intention to do anything to permit Germany or the Dutch Government to weaken N.O.T. control. Our reason for not desiring at this time to conclude an identical agreement is that we do not wish to take a position with reference to the control of exports between neutral countries which the Dutch Government can point out as being inconsistent with the position which we expressed when neutral. We, therefore, by our present agreement desire only to control exports from the United States or exports carried by bunkers furnished by United States. We are prepared, however, in general negotiations with the Dutch Government to seek to secure the voluntary consent of the Dutch Government, in return for concessions granted by us, to the broader control over all imports exercised by the N.O.T. If the Dutch Government agrees to such general control, we then see no reason why we should not conclude with the N.O.T. an agreement practically identical with that which we understand the British Government desires to conclude.

We are cabling Edwards to keep you fully posted as to any steps taken by him to conclude an agreement with N.O.T. in accordance with the previous instructions of the Department. We trust that there is no lack of cooperation with you on the part of Edwards, such as your cable might seem to indicate. Please advise us at once on this point.

LANSING

File No. 656.119/784b

The Secretary of State to the Chargé in the Netherlands (Bliss)

[Telegram]

WASHINGTON, October 1, 1918, 4 p. m.

2154. You are instructed at any time after 48 hours from the receipt of this cable to communicate to the Foreign Office and to make public the following offer of the Government of the United States:

The Government of the United States is reliably informed that the Dutch people are able to secure German coal only in uncertain amounts and upon harsh terms which include the export from the Netherlands to Germany of large amounts of foodstuffs which the Dutch people themselves require. In view of this situation and the approach of winter, with consequent increased needs for coal, the Government of the United States has carefully investigated its own fuel situation for the purpose of determining whether coal might not be spared for the use of the Dutch people. There is a very distinct shortage of coal in the United States and severe measures are being adopted to reduce domestic consumption. The Government of the

United States is, however, confident that the American people are ready to make increased sacrifices for the sake of a friendly people whose need is perhaps greater than their own. Accordingly, the Government of the United States offers to place at the disposal of the Netherlands Government, beginning forthwith, at least 100,000 tons of coal per month for the next twelve months or the earlier termination of the war. This coal will be delivered at an Atlantic port to vessels sent from the Netherlands to lift the same.

The Government of the United States exacts for itself no compensation from the Netherlands for the coal which is thus supplied. The only condition attached to the proposal is that the Netherlands Government avail of the opportunity which is offered to cease the export of foodstuffs to Germany.

The Government of the United States recognizes that acceptance of this offer will require the service of a substantial part of the Dutch ships now idle in Netherlands European ports. In order, therefore, to permit of the lifting of other commodities with the least possible consumption of tonnage, the Government of the United States is prepared to discuss with the Netherlands Government the supplying of a substantial part of Dutch cereal requirements from the United States itself. It will be apparent that this will involve a great saving of tonnage over lifting grain from more distant points. It will also be understood that with the stoppage of food exports to Germany the American people will more readily save foodstuffs to make them available for the Dutch people.

The Department is contemporaneously communicating the terms of the foregoing offer to the British Foreign Office and the delay which you are to observe, which was placed at 48 hours at the suggestion of the British Embassy, is to permit of comment thereon by the British Foreign Office.¹ In choosing the time and manner of making this offer, you will, subject to the instructions above contained, exercise your discretion, having in mind the Dutch-German coal negotiations which we understand are proceeding at the present time and which negotiations it is trusted will be embarrassed, if not blocked, by this proposal.

You are authorized in your discretion, at the time of presenting this proposal or subsequently, to point out to the Foreign Office that it is estimated that imports of 100,000 tons of coal per month added to local production will make Holland entirely independent of coal from Germany, but that if this is not the case the Government of the United States will consider increasing slightly the amounts of coal which will be put at the disposal of the Netherlands Government in the United States. You will, however, have in mind the scarcity of coal in the United States.

LANSING

¹ On Oct. 1 the British Embassy transmitted to the War Trade Board a paraphrase of a telegram from the British Minister at The Hague, forwarded with approving comment by the Foreign Office, stating that in his opinion "the offer of coal by the United States would be useless in effect." (War Trade Board files: Holland Negotiations, vol. VI.)

File No. 656.119/786a

The Secretary of State to the Chargé in the Netherlands (Bliss)

[Telegram]

WASHINGTON, October 2, 1918.

2158. Do not act on telegram No. 2154, October 1, 4 p. m., until you receive further instructions.

LANSING

File No. 656.119/791

The Chargé in the Netherlands (Bliss) to the Secretary of State

[Telegram]

THE HAGUE, October 3, 1918, 8 p. m.

[Received October 4, 2.50 p. m.]

4641. Department's 2130, September 27, 2 p. m.¹ Communication contained in Department's 2078, September 30 [20], 3 p. m.,² was published in leading Dutch papers September 23 and copied widely.

From the tone of the comments which have appeared in the press it is evident that the deep ill feeling particularly against the United States caused by the seizure of vessels has not yet subsided for scarcely a single influential paper has expressed unreserved appreciation this honest and frank manifestation of good will on our part. The interest to Holland in cultivating good relations with United States is brought to fore in much of press and immediate appointment of Netherlands Minister and competent commission to Washington is being generally urged. An official statement was issued September 25 to effect that although the American communication contained statements with which the Dutch did not wholly agree, a discussion of those differences of opinion would be inadvisable in view of recent mutual decision to resume Allied-Dutch negotiations. Unfortunately the more influential papers have been inclined to lay stress on fact that United States refused to allow the so-called half-free ships including steamers *Jason*, *Cornelis* and *Amsteldijk* to proceed to Holland, and two strong papers of slightly pro-German color have even intimated that the United States wants the use of a part of the Dutch fleet now in home waters as a condition to granting ration mentioned in London basis of agreement. Most of the press refers to the rations mentioned in Department's 2077 [2078], September 30 [20], 3 p. m., [as] inadequate but the publication here September 26 of rations accorded Denmark has tended to allay such talk.

Dutch Government has never issued a statement concerning resumption of American-Dutch traffic and the United States references

¹ Not printed.² *Ante*, p. 1532.

to the satisfactory state of this trade [are] being treated with considerable reserve.

General attitude as reflected by press is that we receive 25 per cent more shipping through the seizure than would have been secured by agreement and on top of that we have even refused the half-free vessels or to give Holland the rations she required. The effort to throw the entire blame for the continued stagnation of the Dutch home-fishing ground on Germany has been made unreservedly only by a few prompted by pro-Ally papers. Some of the press even intimates that Holland's interest in saving her fleet from destruction or possible diversion to Allied use is so great that it might be desirable to consider the advisability of keeping the entire fleet at home.

Edwards requests copy be sent War Trade Board.

BLISS

File No. 656.119/799

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, *October 5, 1918.*

[*Received 9.50 p. m.*]

2513. War Trade Board from Sheldon:

1596. Referring to your 1322, Department's 1708, October 1, 3 p. m. In view of your suggestion regarding possibility of securing for the United States later, as part of the general agreement, the voluntary consent of the Dutch Government to the broader control incorporated into the proposed Allied joint agreement now being negotiated, how would you consider postponement of negotiations for separate agreement by War Trade Board? Such postponement is suggested on assumption that no great delay would arise in concluding the general agreement and that present arrangements regarding consignment of exports from United States to N[etherlands] O[versea] T[rust] will in meantime continue. A[llied] B[lockade] C[ommittee] suggested your considering such postponement of your negotiations in order to avoid unfavorable impression that would be created if dual and nonidentical agreements were simultaneously negotiated, the opinion being that our nonadherence for the time being to the identical agreement made by the three other powers would be less unfavorably commented on than should we take the positive step of concluding a separate agreement. I think the foregoing views should receive careful consideration though I fully appreciate the difficulties of our anomalous position in consigning such small amounts of goods as we now export to Holland to the N. O. T. without our having any agreement.

LAUGHLIN

File No. 656.119/834d

*The Acting Secretary of State to the Chargé in Great Britain
(Laughlin)*

[Telegram]

WASHINGTON, October 12, 1918, 11 a. m.

1954. For Sheldon [from War Trade Board]:

No. 1399. There has now been published the statement of the Department giving the attitude of the United States relative to exports to Holland and we are now in receipt of information as to the attitude of the Dutch public as evidenced by newspaper expressions which the statement was designed to evoke. We receive the distinct impression that the temper of Dutch public opinion is such that it is possibly unwise, particularly in view of military developments, for the Associated Governments to indicate any eagerness with reference to concluding a general commercial agreement. Our position would be stronger if the Dutch were prepared to come to us more in the attitude of suppliants for what they require. Also were negotiations to be pressed, we might not obtain the full benefit of the effect of military successes and enemy peace efforts upon the Dutch public. Also we have in mind that the agreement should be entirely reconsidered by the Associated Governments, having in mind the possibility of an abandonment by the enemy of the Belgian coast, which would give us land contact with Holland. Under these conditions, our entire commercial relations with Netherlands would be revolutionized, particularly in respect to agricultural and animal products, the production of which we might desire to stimulate rather than curtail, with a view to their utilization by the Allied armies. Please give this matter your careful consideration and discuss the same with the Blockade officials so as to be able to give us your and their views as promptly as possible. So far as concerns the proposal to offer to supply the Netherlands with coal, as described in Department's 1714, October 1, 4 p. m. (our 1325),¹ the Department and the War Trade Board feel that it is advisable that this offer be made at once. We feel that this offer is entirely aside from any discussion of the terms of a general agreement.

The following is the text of a cablegram which has been sent today by the Department to The Hague:

Referring Department's 2158, October 2. You are instructed at any time after 48 hours from the receipt of this cablegram to proceed as instructed in Department's 2154, October 1, 4 p. m., authorizing the offer of coal to the Netherlands Government.

¹ Not printed; see telegram No. 2154, Oct. 1, to the Chargé in the Netherlands, *ante*, p. 1544.

The London Embassy has been instructed to notify the British Foreign Office that this offer will be made, and it is expected that the British Government may wish to join in such offer. Accordingly, before acting, you will confer with your British colleague and ascertain whether he is instructed to join in the offer.

You will please cause the Foreign Office to be notified immediately of this action and advise us promptly of any developments.

POLK

File No. 656.119/834c

The Acting Secretary of State to the Chargé in the Netherlands
(Bliss)

[Telegram]

WASHINGTON, October 12, 1918, 2 p. m.

2211. For Edwards [from War Trade Board]:

No. 75. Department is cabling decision to support British in request that Dutch negotiations be held at London. While we would have preferred that these negotiations be held at Washington and feel that a more satisfactory agreement could be reached here, it seemed to us, in view of the strong position of the British in favor of London and of the fact that last winter's negotiations were held there, it would be unwise to insist on Washington. This was particularly the case since we are insisting that the Swiss negotiations be held at Washington, although British and French strongly favor Paris or Berne. We therefore determined to concur in British view relative to place of Dutch negotiations, rather than to set up an opposition to their view, which we felt would hardly be successful and which would undoubtedly create undesirable friction.

POLK

File No. 656.119/799

The Acting Secretary of State to the Chargé in Great Britain
(Laughlin)

[Telegram]

WASHINGTON, October 12, 1918, 4 p. m.

1959. For Sheldon [from War Trade Board]:

No. 1398. Your 1596, Embassy 2513, October 5. We adopt the recommendation set forth in your cablegram and are disposed to postpone negotiations for separate agreements until conclusion of general agreement, provided no great delay results. We concur in the belief that there should be uniformity. In the meantime we will continue to make consignments to the N[etherlands] O[versea] T[rust].

POLK

File No. 656.119/826

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, October 15, 1918, 4 p. m.

[Received October 16, 12.10 a. m.]

2809. War Trade Board from Sheldon:

No. 1665. Referring to your 1399, Department's 1954, October 12, noon [11 a. m.]. Regarding Geestemunde [*general*] Dutch agreement I had a long talk last night with Blockade Minister and showed him your telegram; he concurred in the point of view expressed therein as representing the policy of the British Government. You will have realized for some time that the British Government has not been overanxious to induce the Dutch to negotiate for a general agreement; in fact, this has been one of the main points of difference between them and us for some months past, as the British Government has always held out against your plan of offering rations. They realize full well that your previous proposal to offer such rations was aimed at informing the Dutch public that their lack of raw materials and food was due to Germany preventing the departure of their boats rather than the use other [*refusal*] of the Allies to succor Holland. The British felt that such offer would not achieve the purpose and that it was much better to let the Dutch come to us, as eventually they must. This has been their attitude in recent communication through their Legation to the new Dutch Government to whom they felt it advisable to state that the Associated Governments were ready to take into consideration Holland's real needs. I found the British Government not overanxious to make an agreement for the following reasons:

(a) If no agreement is concluded very few exports will be available for Germany and there is therefore no particular blockade gain in concluding an agreement; an attempt will therefore be made to force Holland to discontinue all exports to Germany. It has been found that in general when limited quantities are allowed to be exported from any neutral it is very much more difficult to detect whether the exports are kept within the limits than it is to detect irregularities if no exports are allowed.

(b) The British desire to force the Dutch to use much more care in supervising transshipment by rail and by water of materials stated to be for civilian use, but which are in reality of considerable military aid.

(c) They desire to arrange credits.

(d) They believe there will be a general advantage in securing more favorable Dutch public opinion through a general agreement which would be especially valuable in preserving the present advantage for Belgian relief and as mentioned in your

telegram possibly increasing the assistance for Belgian and French territory as freed.

I am informed that the Dutch delegates expect to come here almost immediately and that lately the Dutch Government has shown greater anxiety to negotiate for a general agreement between the two. As respecting the offer of coal, the Blockade Minister informed me that although the British Government did not approve of making this offer, they nevertheless were instructing their Minister at The Hague to join his American colleagues, believing joint action absolutely essential if you are determined to make the offer.

LAUGHLIN

File No. 656.119/861c

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, October 22, 1918, 2 p. m.

2341. For Sheldon [from War Trade Board]:¹

No. 1469. With reference to coming Dutch negotiations, it is our feeling that the Associated Governments should make clear from the beginning that they desire and expect to obtain an agreement entirely different in character from that which was negotiated at London last December. We feel that the objective of the Associated Governments should be the entire cessation of all exports to Germany and the making available to them of Holland's entire exportable surplus, which surplus the Allies would, with the elimination of exports to Germany, be prepared to see increased through the importation of feeding stuffs, fertilizers, etc. According to our estimates, it should be possible to secure a considerable number of horses from Holland which are very urgently needed by the A[merican] E[xpeditionary] F[orces]. Also, with the evacuation [by] the enemy of a large part of Belgium it becomes increasingly important that the Dutch surplus of vegetables and dairy products be increased as far as possible and made available for the use of the civilian population of Belgium. Unless large amounts of such supplies can be secured from Holland, a very heavily increased burden will be thrown upon the shipping of the Allies and it should be our policy to secure the utilization of Dutch tonnage to transport fertilizers and feeding [stuffs] to Holland for the production of foodstuffs which otherwise would have to be imported by bottoms controlled by the Allies. If this program can be carried out, it will of course be necessary for the Allies to supply all of Holland's essential import requirements. We believe

¹ See last paragraph for instruction to repeat to Edwards, War Trade Board representative at The Hague.

that the Allies can supply all of these, except possibly iron and steel, and it is possible that even this can be spared, in view of the very great importance of making Holland entirely independent of Germany. We should like to have the views of the British Blockade on this subject.

Please repeat to Edwards.

LANSING

File No. 656.119/839

The Chargé in the Netherlands (Bliss) to the Secretary of State

[Telegram]

THE HAGUE, October 22, 1918.

[Received October 23, 1.44 a. m.]

4856. My 4847, 21st.¹ Am just in receipt of note dated yesterday from Minister Foreign Affairs of which following is translation:

You were good enough to inform me in your letter of 15th instant that your Government in spite of shortage of coal which exists in United States is inclined to place at disposal of Netherlands a quantity of 100,000 tons of coal per month for duration of the war; the transportation is to be carried on by means of ships plying for this purpose from Netherlands to transatlantic ports; it was added that in this contingency the Government of the United States would be ready to enter into negotiations with a view to delivery in ports of United States of large part of cereals needed by Holland instead of loading this cargo in more distant ports.

On the eve of the negotiations which are about to take place at London with a view to a general economic arrangement, Netherlands Government has taken cognizance of these communications with a very great interest. Holland feels that for more than four years she has maintained her neutrality in midst of belligerents while placing under difficult circumstances her position as neutral to the profit of the interests of humanity not without sacrifices on her part; Holland feels justified in expecting that her economic existence will be rendered possible in so far as it depends upon other states.

If therefore it may be permitted to see in the proposals of American Government a proof of desire of latter to recognize this situation and to go half way in meeting needs of Dutch people Netherlands Government is eager to offer you its thanks and begs you to convey to your Government its feelings of gratitude and satisfaction which have been inspired by this proposal.

You have, however, very justly mentioned in your note that proposals of your Government are closely connected with question of use which can be made of available tonnage of Dutch merchant fleet of which large part is still in American ports. This question as you know is one of principal points of general agreement which is subject of negotiations which are about to commence. Netherlands Government in consideration also of a communication received on 18th of this month stating that British Government supports pro-

¹ Not printed.

posals of your Government considers therefore that it must submit to Conference of London questions raised in your note; it has given to its delegates necessary instructions to this effect. In course of negotiations use which it will be possible to make of offer American Government will become apparent with due regard to economic necessities experienced by Netherlands and to course of action dictated by its position.

Above published in tonight's papers.

BLISS

Negotiations with Netherland Representatives in London—Agreement with the Netherland Government, November 25—Agreement with the Netherlands Oversea Trust, December 17, Adhered to by the War Trade Board

File No. 656.119/853

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, October 29, 1918, 6 p. m.

[Received October 30, 11.03 p. m.]

3199. War Trade Board [from Sheldon]:

No. 1755. As preliminary to beginning general negotiations Dutch delegates have submitted memoranda under five headings which I have sent you by pouch and which are in summary as follows:

(1) Imports to Holland are requested on basis of last January's negotiations on some modifications and additions.

(2) Exports to Germany are based upon memorandum of August 22, from Netherlands Minister of Foreign Affairs to Allied representatives at The Hague. This states Holland is dependent upon Germany for coal, 3,000,000 tons yearly; iron and steel, 240,000 tons yearly; salt, potash, chemicals, dyestuffs, wood, limestone, lime, cement and machinery and adds if any of the above articles could be supplied by Allies this would be welcomed as augmenting Holland's independence. As compensation for above articles export to Germany is suggested of such small quantities of cheese, milk and sugar as can be spared totaling 13,000 tons yearly vegetables, cattle, hides, horses, foals, offals and small quantities of technical fats.

(3) From a review of shipping situation conclusion is reached that Allies obtained more ships by requisitioning than they would have obtained on basis of London negotiations and that balance remaining is inadequate for Dutch needs. Hence it is requested that additional Dutch ships should be allowed to serve purely Dutch interests.

(4) Request is made that exports and imports between Dutch colonies and Allies be facilitated as much as possible to meet Dutch colonial requirements and in return export licenses from Dutch colonies will be granted as much as possible to meet Allied requirements.

(5) Dutch are prepared to consider proposals regarding a loan.

At opening meeting held after the receipt of above memorandum Allied representatives took position that quinine and bark had been left to private negotiations already concluded as suggested by Loudon in his note to British Minister July 18 and could not therefore be considered at all as part of general negotiations under above fourth heading. It was emphasized that this should be made clear and export licenses for quinine and bark under contract be assured before general negotiations were proceeded with. Dutch took this point under consideration, indicating they might reply favorably as soon as reply could be received from Holland. Dutch emphasize importance to them of early return of three steamers now in Dutch East Indies with cargoes of fats for Holland, totaling from 8,000 to 15,000 tons. This question they were willing to regard as independent of quinine question, but desire that it be given early and favorable consideration.

LAUGHLIN

File No. 656.119/859

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, November 4, 1918.

[Received 6.49 p. m.]

No. 3372. War Trade Board [from Sheldon]:

No. 1795. In answer to Dutch memoranda referred to in Embassy's 3199, October 29, 6 p. m., our 1755. Representatives of Associated Governments have made written reply which I have sent you by pouch to the effect that, generally speaking, negotiations of last January cannot be recognized as basis for present negotiations. That provided there will be no exports [from] Holland to Germany the Associated Governments are prepared, so far as their joint requirements permit, to grant such facilities as may be in their power to secure for Dutch such articles as may be mutually agreed to be actual requirements of Netherlands for home needs. Regarding quinine and bark, Dutch delegates, after communicating with their Government, have replied that, though their Government does not consider it has in any way renounced its right to prohibit such exports, yet it will endeavor to arrive at a satisfactory solution of this question. Associated Governments are replying thereto that they must insist that export licenses for shipments under quinine contract be granted at once for reasons already indicated.

In course of negotiations Dutch informally stated regarding coal that pre-war consumption of 9,000,000 tons per year had been cut down to 6,000,000, of which 3,000,000 would have to be imported. Regarding exports to Germany they modified written memoranda referred to in above cable to the extent that they would not desire

to export foodstuffs to Germany with the possible exception of vegetables and a strictly limited quantity of milk; potatoes can probably be excluded from exportation. At conference of Allied representatives with Dutch not present it was considered that some exports to Germany would have to be allowed but that procedure might be a general prohibition of exports with a secret letter permitting export of not exceeding 15,000 cattle with condition that at least three times as many should first go to Belgium and also permitting export of 1,000 horses, 7,000 foals and 1,000 tons of offals per year. It was considered that export of hides, technical fats, and scrap iron and steel should be prohibited. It was also considered that any ration schedule should be headed with statement that rations are subject to ability of Dutch shipping to lift them. It should be understood that Dutch will agree not to demand return of any shipping; that Dutch should cooperate fully with the various Allied purchasing executives and that agreement should contain a clause that Dutch will assist to redevelop evacuated parts of France and Belgium.

Dutch are very anxious for departure of three ships with cargoes of copra referred to in above cable. It was therefore considered that as soon as quinine matter settled, the ships might be allowed to proceed to Atlantic islands subject to condition that delivery of this oil should be made to Allies.

If general agreement be not concluded I expect shortly to send you a cable as a result of deliberations with other American heads of missions here on the question of the continuance of Allied machinery for joint purchases and transportation of commodities which system should be expected to be available for neutrals and possibly enemy countries. The duration of the proposed Dutch agreement would naturally depend somewhat on the decision on this general subject, but I should like to have your views on the specific question of the duration of the Dutch agreement and also on any other points mentioned in this telegram.

LAUGHLIN

File No. 611.419/2718

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, November 7, 1918.

[Received 6.10 p. m.]

3498. War Trade Board [from Sheldon]:

No. 1819. Supplementing Embassy's 3427, November 4, our 1802.¹ Proposal summarized therein though made orally was not afterwards submitted in writing hence it will not be sent you by pouch. As a

¹ Not printed.

result of informal conversations following submission of above proposal it seemed expedient to substitute following which Dutch have accepted:

November 6, 1918.

Dear Mr. Colijn: Since the receipt of the note dated November 2 we have had the advantage of conversations with you and Mr. Snouck which I hope will render it unnecessary to reply formally to the note as the conversations [*conclusion of*] a *modus vivendi* has I hope resulted. I understand that you are prepared to arrange immediately that 50,000 kilogrammes of quinine and 400 tons of bark shall be at once furnished to the agents of the Associated Governments and that licenses for its export shall be at once granted and also that the Netherlands Government will undertake forthwith to use its best endeavors to secure that the contract made between the agents of the Associated Governments and Mr. Schalkwyk shall be carried out in its entirety. Should this not be arranged before December 15 next the Netherlands Government will undertake that supplies stipulated for in the contract will be furnished at once by it on the terms provided in the contract and that these and any supplies purchased from British or Allied-owned estates will be licensed for export.

I can assure you that the Associated Governments are prepared to recognize the claim that the export of some commodities from Holland to Germany may be necessary in order to enable Holland to obtain in exchange some necessary supplies. It is understood that Holland is prepared to export supplies to Belgium, as freely as her own needs permit and further that Holland's exports to Germany shall be dependent on satisfactory arrangements being made concerning the export of supplies to the liberated regions of Belgium and France. It is understood also that no exports are proposed of any foodstuffs other than fresh vegetables to Germany except limited quantities of fish, milk and cattle the proportions and quantities of which are to form the subject of negotiation. I can also assure you that the Associated Governments are prepared to facilitate the import into Holland of supplies agreed to be necessary to meet her home requirements, and that the Allied Governments do not intend to take any measures to withhold from the Dutch colonies the supplies which, after satisfying their own and Allied requirements, can be given by the countries and colonies concerned and it is understood of course that the Dutch colonies will similarly not withhold their supplies from the Allies. I understand a similar arrangement between the Netherlands East Indies and United States of America already exists.

Upon hearing from you that this correctly represents the result of our informal discussion I propose, if you are agreeable, that the negotiations for the general agreement shall be pursued as rapidly as possible.

Believe me [etc.]

L. Worthington Evans

P.S.: In reference to the paragraph dealing with Dutch colonial trade the undertaking is subject to the concurrence of the governments of colonies and dominions concerned.

I hope you approve of the foregoing.

LAUGHLIN

File No. 656.119/887c

The Secretary of State to the Chargé in the Netherlands (Bliss)

[Telegram]

WASHINGTON, November 8, 1918, 5 p. m.

2357. The United States and British authorities have agreed on a further statement regarding indemnification for Dutch vessels lost while under requisition. You are instructed to transmit this statement to the Netherlands Government as soon as the British Minister receives instructions to transmit similar proposals on behalf of his Government.¹ The statement is as follows:

The United States Shipping Board, which is the branch of my Government charged with making compensation for requisitioned ships, desires to make the following modification of the terms proposed in my note of July 30,² for the compensation of owners of Dutch vessels lost while under requisition by the United States.

1. The scale of values to be applied if money compensation is elected, and in computing interest, shall be as follows:

For vessels up to 10 years of age, £75 per gross ton, or at the option of the shipowner, £50 per deadweight ton;

For vessels up to 30 years of age, £40 per deadweight ton;

For vessels over 30 years of age, £52 10s per gross ton, or at the option of the shipowner, £35 per deadweight ton.

For this purpose the age of a ship shall be its age at the date of loss.

2. If replacement by a new ship is elected, the United States Shipping Board shall have the option of tendering, and the shipowners shall have the option of accepting, an existing steamer with an adjustment of differences in age. If no existing steamer is offered, or if offered is not accepted by the shipowner, a steamer to be built substantially like the vessel lost, with an allowance for age, the allowance for age to be depreciation calculated on the original cost of the lost boat at the rate of 5 per cent per annum; but this allowance for depreciation should not in any case exceed 95 per cent of the original cost. The allowance for depreciation to be paid by the shipowner before delivery of the vessel.

3. When a vessel is lost, notice of such loss shall be given to the Dutch Shipowners Association through the American Minister at The Hague, and the shipowner shall announce his option for replacement or payment in cash through the same channel.

4. The dead-weight capacity of steamers shall be the weight of cargo bunkers, stores, and fresh water for domestic purposes and for boilers, exclusive of the weight of water in the boilers.

¹ Statement transmitted Jan. 27, 1919 (File No. 626.119/988). Reply of Minister of Foreign Affairs, Feb. 7, 1919, reads: "I have not failed to transmit the substance of your note of Jan. 27 to the interested Dutch owners. In reply they request me to inform you that they entirely agree to the propositions contained in your note of July 30, 1918, and modified by your note of Jan. 27 last." (File No. 656.119/1005.)

² See telegram No. 1797, July 25, to the Minister in the Netherlands, *ante*, p. 1516.

5. Replacement: In case of the offer and acceptance of an existing vessel, the boilers of the substituted vessel should conform to the requirements of the Dutch law which states that a water pressure test of 50 per cent above the working steam pressure must be made.

6. The cost of making the substituted vessel completely seagoing will be borne by the Government, or the expense of doing this allowed for, when the two vessels are compared.

7. There will be attached no conditions relative to the use of the vessel after the war.

8. The Dutch owners shall, in case of replacement, be at liberty to arrange reasonable variations with the shipbuilder in the contract made by the United States Government, the cost of such variations to be borne by the owner.

9. If, while the steamer is under construction, the shipowner desires to sell it, he must obtain the United States Government's approval of the purchaser before sale is effected.

10. The obligation to deliver a vessel which is to be built within the specified time must depend upon the prompt delivery of plans and specifications in accordance with which it is desired that she be built.

11. The 10 per cent interest on ships lost or missing will be payable as from the date at which the hire thereof ceases; in the case of the missing ships the 10 per cent interest will be payable as from the date when she was last heard of, which should be the date of loss, this interest to be paid in dollars without restrictions.

LANSING

File No. 656.119/863

The Chargé in Great Britain (Laughlin) to the Secretary of State
[Telegram]

LONDON, November 8, 1918.

[Received 8.40 p. m.]

3551. War Trade Board [from Sheldon]:

No. 1828. Dutch delegates very much desire that following imports for Holland be facilitated immediately in accordance with following arrangements. In anticipation of conclusion of agreement British approved and it is proposed that the arrangements be carried out. If you approve please let me hear from you regarding your approval as soon as possible.

Steamships *Tabanan* with passengers and colonial products, *Noordam* with passengers and copra or oil, and *Bengkalis* with copra or oil to sail from Dutch East Indies to Gibraltar bunkering at Durban and Gibraltar. Ships are not to be armed or under convoy. Manifests and lists of crews, passengers and consignees are to be telegraphed to London for approval. Entire cargo of the three ships is to be consigned to N[etherlands] O[versea] T[rust] and is to count as a part of the ration under the general agreement. Maximum amount of oil is not to exceed 15,000 tons. Ships will be subject to

examination at Gibraltar and will not be entitled to proceed further prior to the conclusion of the general agreement. These are the three ships referred to in the last paragraph of Embassy's 3199, October 29, our 1755. Dutch ask also to be permitted to import immediately the following articles to be charged against the ration under the general agreement from the United States: 50,000 tons wheat, 6,000 tons kerosene, 1,000 tons benzine for doctors' motor cars, 1,000 tons lubricants, including cylinder oil, 2,000 tons gas oil and 4,000 tons cotton from Dutch West Indies, 2,000 tons cocoa beans from Argentine, 1,000 tons wool. It is proposed that steamships *Djebres*, *Sirrah*, *Jason*, *Cornelis*, and *Amsteldyk* be used to lift above commodities and that they proceed to Falmouth to await conclusion of agreement. Equivalent tonnage to leave Holland simultaneously in replacement. Dutch ask also to be permitted to import from England 1,700 tons soda ash, caustic soda and soap; 2,000 tons pyrites, steamship *Yssel* now at Vigo; 3,000 tons tanning materials and also woollen and cotton yarns and goods, amount to be determined later.

In view of the fact that the Dutch have obtained permission from the Germans to send out exchange tonnage, that these commodities are urgently needed in Holland, and as adequate safeguards exist provided the replacing ships are under no other obligations than now exist in regard to the above-mentioned vessels, I approve of these proposals. They start tonnage moving to carry food to destinations in the vicinity of which exists destitution.

LAUGHLIN

File No. 656.119/864½

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, November 8, 1918.

[Received 11.50 p. m.]

3553. War Trade Board [from Sheldon]:

No. 1831. Allied delegates recommend following rations under pending Dutch agreement:

1. *Cereals*: Annual ration of 175,000 tons of wheat and rye, 100,000 tons of inferior cereals and 50,000 tons of rice, tapioca, sago, starches, etc.; total 325,000 tons. Basis of calculation is population 7,000,000, grain milled to 90 per cent on average and 140 parts of grain produce 200 parts of bread at 300 grammes per diem, requirements are 536,550 tons. Dutch request further 6,500 tons for army ration and 19,200 tons for confectionery, restaurants, etc.; total about 560,000 tons of bread cereals. We estimate Dutch bread should be 75 per cent wheat and rye and 25 per cent barley, maize,

potatoes, etc., requirements become 420,000 tons wheat and rye plus say 35,000 tons for stocks and 140,000 tons inferior cereals. Dutch harvest of 1918-19 after deducting 30,000 tons for non-delivery and 35,000 tons for seeds is estimated to yield 280,000 tons wheat and rye leaving import requirements of 175,000 tons as recommended. Barley crop estimated at 49,000 tons of which Dutch estimate 23,000 tons as fodder and 26,000 tons for yeast making, seed, barley groats, porridge. On October 1 no old cereal stocks on hand but about 40,000 tons of potato flour, leaving import requirements of 100,000 tons inferior cereals (i. e., barley, oats, and maize outside of fodder ration).

2. *Oils and fats*: A ration of 40,000 tons annually for edible and technical oils of which 15,000 tons to be allowed for each of first two quarterly periods and 5,000 tons for each of last two quarters. Present consumption at rate of 63,000 tons per annum is considered too low being only 250 grammes per 10 days per head, a ration of 250 grammes per week would mean annual consumption of 84,000 tons in addition annual consumption of 10,000 tons. Technical fats must be provided, present stocks on hand are estimated at 18,000 tons and annual production of butter at 40,000 tons maximum. If ration is fixed at 40,000 tons, this would give with stock and year's home production maximum of 98,000 tons available for ensuing ration year.

3. *Fodder*: 200,000 tons per annum. This ration is purely arbitrary and has no statistical basis. Dutch are asking 450,000 tons maize, 300,000 tons oil cake and meal, 83,000 tons oats.

4. *Fertilizers*: 40,000 tons rock phosphates, 22,000 tons pyrites and 20,000 tons nitrates. It is proposed to explain in a letter to Dutch that conditions may make it desirable to increase considerably their rations of fodder and fertilizers. We felt it was best to insist on as small rations as possible in the agreement on account of tonnage though we expect to get a statement that the Dutch will not request the return of any requisitioned ships.

5. *Aluminum*: 50 tons.

6. *Rubber*: No raw rubber until present stocks are near exhaustion. Rubber goods manufactured 200 tons: motor car tires (25,000 covers and 15,000 tubes); motor-cycle tires (15,000 covers and 8,000 tubes), one-quarter rations only until petrol supply is sufficient to warrant their need; bicycle tires (750,000 covers and 750,000 tubes).

7. *Tobacco*: 22,000 tons plus six months' stock, i. e., 11,000 tons less existing stocks to be ascertained.

8. It is proposed that we agree to the rations provided in the abortive agreement of last January for commodities other than those mentioned above, with the same general replacement conditions therein mentioned.

Please send comments on foregoing as quickly as possible.

As regards exports to Germany, Allied delegates after conference with Dutch suggest the following only be permitted:

(1) Vegetables to be discussed in the agricultural agreement in a general way, a provision to be made that the caloric value of such exports in 1917 should not be exceeded.

(2) Milk under agricultural agreement, but limited to figures of export in 1918, such restriction however not to apply to export to Allies.

(3) Bulbs for horticultural purposes only under agricultural agreement.

(4) Seeds from flax and peat litter under agricultural agreement.

(5) Technical fats nil.

(6) Offals 1,000 tons per annum, details to be defined in the agricultural agreement.

(7) Horses and foals. Dutch may export to Germany provided that the limit of 1,000 horses and 7,000 foals is not exceeded with the stipulation that Holland first exports to Belgium or northern France three times as many animals as are proposed to be sent to Germany. No restrictions however on amounts of exports to Belgium and France.

(8) Cattle. No milch cows or cows in calf, but Dutch may export to Germany not more than 15,000 head in all if twice the number sent to Germany shall first be exported to Belgium or northern France and no restrictions on amounts of types of cattle to be exported to Belgium and France.

More specifically, there will be no exports to Germany of casein, fodder, potatoes, sugar, meat, poultry, butter, eggs, cheese, food, pulp nor hides as hides. Deficiencies of any article now owed to Allied Governments under past agreements must be made good before new exports of that article are permitted to Germany. With the foregoing it is expected that Holland will get her minimum requirements that can be obtained only from Germany.

The fish agreement about to be signed by Allies allows annual exportation 5,000 tons. Copy will be sent for your subsequent approval.

LAUGHLIN

File No. 611.419/2718

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, November 12, 1918, 6 p. m.

2765. For Sheldon [from War Trade Board]:

No. 1612. Your 1819, Embassy 3498, November 7. This cable seems to us to substantiate the fears which we have entertained lest the British in their conduct of the Dutch negotiations proceed to commit us to important policies without our previously being con-

sulted and indeed when these policies are known not to accord to our views. The letter of Worthington Evans, which you quote, states: "The Associated Governments are prepared to recognize that the export of some commodities from Holland to Germany may be necessary in order to enable Holland to obtain in exchange some necessary supplies," and the letter proceeds by clear implication to acquiesce in the export to Germany of fresh vegetables, fish, milk, and cattle. This letter purporting to speak for the Associated Governments was sent without prior reference to us, although we had by our No. 1469, Department 2341, October 22, 2 p. m.,¹ stated our views to be "that the objective of the Associated Governments should be the entire cessation of all exports to Germany and the making available to them of Holland's entire exportable surplus." This cable further pointed out that we felt that the Allies could supply all of Holland's import requirements except possibly iron and steel and that even these might be spared by the Allies in view of the importance of making Holland entirely independent of Germany.

Irrespective of whether developments of the last few days might lead us to modify somewhat our views as expressed in our 1469, you will, we think, appreciate the anxiety which we feel and which we have frequently expressed to you lest again, as has several times happened in the past, we will find ourselves committed to a program which we do not approve and in regard to which we are not even given an opportunity to express our views.

With reference to substance of Evans' letter, the proposition to have Dutch guarantee immediately 50,000 kilograms quinine and 400 tons of bark and furthermore that Government shall undertake after December 15 to furnish quinine and bark supplies stipulated in contract of Schalkwyk if that contract has not by that date been formally ratified is approved.

With reference to exports to Germany we had been disposed to adhere to the views previously expressed until cessation of hostilities, or at least that all exports of foodstuffs should be under our control. We realize that in view of recent developments the importance of this has much diminished and in view of the embarrassment which would be created in modifying at this date Evans' letter, we are prepared to concur therein.

With reference to Holland obtaining from Germany necessary supplies, we feel that we are more than ever in a position to meet all of Holland's requirements, particularly as the situation of iron and steel is rapidly changing so that we expect to be able to permit exports thereof more freely.

¹ *Ante*, p. 1551.

It must be clearly understood that our imports from the Dutch East Indies of commodities regarded as unessential must be reserved for our own definition. There is no formal arrangement between us and the Dutch East Indies, nothing but a trading basis. The facilitation of our imports into Holland must be understood to include a reservation as to article, price, method of payment, and port of shipment. You will realize that the transition from state of war to state of armistice carries with it great problems in international transportation and industry which requires freedom of action if our interests and the interests of the Allies and neutrals are to be properly conserved.

LANSING

File No. 656.119/874

The Chargé in Great Britain (Laughlin) to the Secretary of State
[Telegram]

LONDON, [November 13, 1918.]

[Received 6.20 p. m.]

3682. War Trade Board [from Sheldon]:

No. 1858. It is proposed to have a clause in general agreement by which Dutch Government will recognize N[etherlands] O[versea] T[rust] agreement. Would the following clause cover what you had in mind in Department's 1708, October 1, your 1322, so that you would be willing to participate with the Allied Governments in the N. O. T. agreements should same meet with your approval as finally drafted? If not, what changes do you desire? Please rush reply.

The Netherlands Government will recognize the [and?] approve such agreement as may be made between British, French and Italian Governments and the N. O. T. and also the participation therein by the Government of the United States in such form as the last-named Government may consider advisable. The Netherlands Government undertakes that the existence of the N. O. T. shall continue during the currency of this agreement.

LAUGHLIN

File No. 656.119/873

The Chargé in Great Britain (Laughlin) to the Secretary of State
[Telegram]

LONDON, [November 12, 1918.]

[Received November 13, 9 p. m.]

3679. War Trade Board [from Sheldon]:

No. 1857. Referring to our cable No. 1831, Embassy's No. 3553, dated November 8, 1918. It seems advisable to increase some of the

proposed rations in order to relieve the industrial depression in Holland. We now propose the following rations:

- (1) Bread cereals—225,000 tons of wheat and rye, 100,000 tons of inferior cereals, and 50,000 tons of rice, tapioca, sago, starches, etc., total 375,000 tons;
- (2) Oils and fats—80,000 tons of oils and fats from which is to be deducted the amount of butter produced over 20,000 tons;
- (3) Fodder—200,000 tons of maize, 100,000 tons of other fodder-stuffs, total 300,000 tons;
- (4) Fertilizers—40,000 tons of phosphate rock, 22,000 tons of pyrites, 45,000 tons of nitrates, subject to increase if Nitrate Executive agrees, total 107,000 tons;
- (5) Pyrites—an additional ration of 5,000 tons of pyrites for technical purposes;
- (6) Nickel—25 tons of pure nickel, 50 tons of nickel alloys, 10 tons of nickel wire, 8 tons of nickel salts;
- (7) Copper sulphate, 250 tons;
- (8) Clover seeds no fixed ration, but imports will be permitted, subject to exchanges;
- (9) Soda ash and caustic soda, no rations fixed now but imports may be permitted if these commodities are available.

Proposed rations for aluminum, rubber, and tobacco are stated in our cable No. 1831, Embassy's No. 3553, November 8, 1918. Rations for commodities other than those mentioned above remain the same as proposed in January, 1918. Please send comments as quickly as possible.

LAUGHLIN

File No. 656.119/863

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, November 14, 1918, 8 p. m.

2810. For Sheldon [from War Trade Board]:

No. 1615. Your 1828, Embassy 3551, November 8.¹ We see no objection to export of colonial products by vessels mentioned and under conditions mentioned. With reference to articles which Dutch wish to purchase in United States, West Indies, and Argentine, we would not oppose the purchase and shipment to England to await conclusion of agreement, but we will not consent to the use of the five Dutch vessels mentioned now in western Atlantic waters. As you are aware, the disposition of these vessels has been the subject of a very considerable controversy with the Dutch Government and we have made it a matter of principle that imports into Holland from America must be lifted by vessels sent out from Holland. We

¹ *Ante*, p. 1558.

perceive no reason for departing from this position, particularly as in view of conclusion of armistice there appears to be no reason whatever why the Dutch should not at once begin to use freely their ships in Dutch European ports.

LANSING

File No. 656.119/903a

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, November 14, 1918, 8 p. m.

2811. For Sheldon [from War Trade Board]:

No. 1616. British Embassy have presented cable from Lord Robert Cecil to Mr. McCormick stating that on account of serious political and economic situation in Holland, it is felt general agreement must be immediately concluded, and in order to permit of an immediate announcement in Holland that supplies may be expected shortly, British have agreed after consultation with you that Dutch shipping may sail at once to approved destinations for the purpose of lifting cargoes of foodstuffs for Holland approved by A[llied] B[lockade] C[ommittee] and to be consigned to N[etherlands] O[versea] T[rust].

Mr. McCormick is replying to the effect in substance that we are prepared to see Dutch ships sent for foodstuffs to the United States as being the nearest point of supply and that we are prepared to license and facilitate the export of such foodstuffs on the conditions mentioned in Lord Cecil's cable. It is added, however, that it is felt that this acquiescence on our part will permit that public announcement in Holland which is judged necessary to ameliorate existing situation, and that there is no reason why the formal agreement should be pressed to a conclusion prior to our having adequate opportunity to consider the same fully.

LANSING

File No. 656.119/878

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, [November 14, 1918.]

[Received November 15, 5.55 a. m.]

3737 [3727]. War Trade Board [from Sheldon]:

No. 1874. This is urgent and should receive immediate consideration. The Dutch delegates, the French and Italian delegates, and the British Foreign Office last night received alarming news from Holland concerning revolution there, requested abdication of the Queen, and consequently were very desirous to-day of signing an agreement.

Colijn, who is the head of the Dutch delegates, was requested to return and will probably be the new Prime Minister. He was anxious to take back with him a signed commercial agreement with the Associated Governments and the Foreign Office were most anxious to help him in the work of suppressing Bolshevism which he is about to undertake. In spite of great pressure I flatly refused to allow any agreement to be signed without your having approved the text. This course was adopted. Colijn, however, signed the draft in the hope that you would approve it and the other Governments would sign it as they apparently were all ready to do to-day. I pointed out that it might be necessary to have some modifications and the Dutch delegates who remain here will be empowered to consider such modifications as you may suggest unless, however, you have strong views on some of the clauses in the draft or concerning omissions therefrom. I think it would be advisable to conclude an agreement in the shortest possible time. We are leaving any particular subsidiary questions to be treated in separate letters. Herewith is the text [as] signed by Colijn:

Memorandum of agreement between the Royal Netherlands Government and the British, French and Italian Governments and the War Trade Board of the United States referred to hereafter for convenience as the Associated Governments.

1. All Dutch shipping shall at once resume sailing and shall not tie up. The Associated Governments will use their best endeavors to provide bunkers and ships stores. The routes to be followed and the regulations for examining cargoes and passengers and crews shall be the subject of consideration forthwith.

2. It is the condition of this agreement that an arrangement shall be concluded within 30 days for the provision of a loan for the Associated Governments on terms to be agreed with the British Treasury and the French, Italian and United States representatives.

3. The Royal Netherlands Government will recognize the agreement made between the Netherlands Oversea Trust and the Governments of Great Britain, France, and Italy and undertake that the Netherlands Oversea Trust shall continue in existence so long as this agreement is in force. The Royal Netherlands Government will take the necessary steps to maintain an effective prohibition of export to the Central Powers of all goods imported into the Netherlands under the Netherlands Oversea Trust agreement and the manufactures and products thereof including by-products and waste and articles similar unless otherwise agreed subject to their own requirements

[4.] The Associated Governments will facilitate the importation into the Netherlands of the rations indicated in the annexed schedule.¹ Such rations may be increased from time to time with the sanction of the Associated Governments who will take into favorable consideration any applications that may be made.

¹ Not transmitted.

5. The imports into the Netherlands of articles dealt with by Allied committees or executives as well as nitrate imported into Java shall be purchased exclusively through or with the consent of such bodies, an arrangement to be come to with the Royal Netherlands Government satisfactory to the Oils and Seeds Committee regarding the sale and control of oils and seeds from the Dutch colonies. A Dutch representative to join the Oils and Seeds Committee as a member of the committee. That questions of representation in Allied committees or executives which deal with other commodities of which an important quantity is produced in the Netherlands or her colonies shall be considered. It is a condition of this agreement that an agricultural agreement satisfactory to the Associated Governments shall be made within 30 days hereof with the Nederlandsche Uitvoer Maatschappij and shall be assented to by the Royal Netherlands Government.

6. Statistics of Dutch exports and imports shall be provided by the Royal Netherlands Government in such manner and at such times as shall be agreed upon.

8. Statistics shall be communicated forthwith to the Associated Governments of live stock in the Netherlands and of stocks in the Netherlands of such commodities as Associated Governments shall require on which the rations are based or whenever any imports into the Netherlands of raw material are especially licensed by the Associated Governments or any of them for the express purpose of return in the form of manufactures or of packing or any other form the Royal Netherlands Government will give licenses for such export from the Netherlands. In this case of imports of non-rationed articles of the raw material as imported may be retained for home consumption in the Netherlands the Royal Netherlands Government will be previously notified regarding the terms upon which the imports referred to will be made [*sic*].

10. In the event of any portion of imported rations being requisitioned by the Royal Netherlands Government the same shall remain under the control of the Netherlands Oversea Trust in respect of their distribution and ultimate destination.

11. Without prejudice to the obligation of the Royal Netherlands Government to maintain the prohibitions of export specified in clause 3 hereof and except as may be subsequently agreed or is provided by clause 12 of this agreement and by the fishery agreement no exports shall take place to the Central Powers of fodders, fertilizers or food-stuffs of any kind, including animals alive or dead, and the products thereof, sugar whether *in natura* or sugar-containing articles, hay, straw, seeds except as agreed or manure, leather, hides and skins until treaty of peace is signed. Technical fats, bone grease or soap, except 130 tons of hard soap per month, bulbs, except bulbs for horticultural purposes which may be exported to the Central Powers on such terms as may be provided in the new agricultural agreement.

12. The Royal Netherlands Government declaring that it is necessary for them to make certain exports to the Central Powers in order to obtain essential supplies from those countries, the Associated Governments will not object to exports being made of the following commodities, quantities not exceeding those specified below:

(a) One thousand tons of offals may be exported per annum to the Central Powers, the character of offals to be defined in the new agricultural agreement.

(b) The export of seeds and flax to the Central Powers and to the Associated countries will be considered in connection with the new agricultural agreement.

(c) The return of iron and steel scrap of iron and steel imported from the Central Powers and from the Associated countries will be considered.

(d) The export of milk and milk-products to the Central Powers will be dealt with under the new agricultural agreement but shall not exceed 17 per cent of the total export from Holland in terms of condensed milk provided that not more than 4,400 tons in terms of condensed may be exported to the Central Powers within 12 calendar months.

(e) Vegetables and fruit may be exported to the Central Powers as provided in the new agricultural agreement save that no fruit pulp or potatoes shall be exported in any form except as may have been previously agreed.

13. Any deficiency in respect of any article owing to the Associated countries under the existing agricultural agreement shall be made good before the article in respect of which such deficiency exists may be exported to any other country but export may be made to Belgium and the evacuated districts of France provided the country which the deficiency is owing assents.

14. Subject to the domestic requirements of the Netherlands and consistently with the terms of the agreement the Royal Netherlands Government will place no restrictions upon and will continue to give all facilities for exports from the Netherlands to the Associated countries and Belgium and the evacuated districts of France.

15. This agreement shall come into force upon the execution thereof and shall continue for the period of 12 calendar months unless previously terminated by mutual agreement; such termination shall not apply to subsidiary agreements which shall be subject to their own termination clauses.

The ration list mentioned in the foregoing agreement is at present as per my No. 1857, Embassy's 3679, November 12, but is subject to modification.

(1) No reference is made in the foregoing to East Indian products as I so far am without the information announced as being sent in your 1586, Department's 2684, November 7.¹ Felt there was no need to include this subject in the agreement proper relying on the statement in the latter part of your 1560, Department's 2654, November 6.¹ I am told by the War Industries Board here that the supply of tin in the United States is assured to a degree that renders us to a considerable degree independent of Banca tin.

¹ Not printed.

(2) You will note that this agreement in article 4 states that the Associated Governments will facilitate importation; no mention, however, is made of the Associated Governments granting export licenses. I therefore suggest that a clause might be added to the general effect that export licenses for commodities to be exported from any of the Associated Governments to Holland shall be conditioned upon such terms regarding price, port delivery, as such Governments may desire to impose.

(3) You will notice in the foregoing text very little mention is made of shipping; it was impossible to find out whether it would be advisable to continue the Dutch requisitioned ships in their existing service at their present rates. The British Ministry of Shipping do not seem very keen to have the situation which was created by the requisition continued for any great length of time. If you can tell me exactly what you want in connection with shipping, if for instance you should say that Dutch ships now in service of the Associated Governments should so continue for the duration of the Dutch agreement on charter terms to be agreed upon, boats to be run by the Dutch under the Dutch flag, I believe that a letter could be added to the above-mentioned agreement making it subject to a satisfactory shipping contract. In this connection I would point out that should you desire to continue the duties Dutch requisitioned tonnage in the present status without getting the Dutch to agree to it, the Dutch, I think, might claim that the right to seize and hold under the law of angary would expire when the military exigency disappears.

(4) A secret letter in the sense of my 1831, Embassy's 3553, November 8,¹ will modify the terms of articles 11, prohibiting the export of animals.

(5) Referring to my 1858, Embassy's 3682, November 13,² to which there was insufficient time to receive a reply from you it was suggested that such a clause as might be satisfactory to you could be added in a covering letter unless you prefer to have the clause inserted in the agreement itself.

(6) As regards the question of the principle of exports to Germany which you objected to in your 1612, Department's 2765, November 12, 6 p. m.,³ and especially your statement about Holland obtaining necessary supplies from Germany, it seems difficult to maintain the contention that the Associated Governments are in a position to meet all the requirements of Holland such as potash, coal, fish, and steel, considering the long haul and the proximity of these supplies to Holland if obtained from Germany. If supplied by the Associated Governments and if the Dutch were told that they must

¹ *Ante*, p. 1559.

² *Ante*, p. 1563.

³ *Ante*, p. 1561.

not get any of these necessities from Germany and were required, for instance, to obtain coal from the United States, these demands on the tonnage now at Holland's disposal would be such that they would greatly reduce the amount of fertilizers and feeding stuffs to be imported into Holland with a view to increasing the production of food to satisfy the wants in the countries contiguous to Holland. Even if the war had continued and the strictest blockade of Germany were necessary I think the conditions of this agreement covering exports to Germany would be satisfactory. I have tried my best to keep you posted in negotiations and to follow in every particular your wishes; you realize, however, what a difficult task it is to know what your wishes are on particular points and to acquaint you with the temper of the negotiations as they proceed.

LAUGHLIN

File No. 656.119/878

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, November 16, 1918.

2850. For Sheldon [from War Trade Board]:

No. 1642. Your 1874, Embassy 3737, undated [3727, November 14], received November 15. We approve signing of Dutch agreement subject to following modifications:

1. The paragraph of the agreement numbered 1 should, unless the Dutch seriously object thereto, provide that bunkering shall be conditional upon the reaching of a satisfactory agreement as to routing, etc. We assume that this agreement as to routing will also provide for the carriage by Dutch vessels of passengers and cargo when outward bound. It may be very important to secure space on outward bound vessels to transport American troops and supplies from France. The routing so far as Associated Governments are concerned should be approved by Allied Maritime Transport Council. This need not be expressed in Dutch agreement but should be understood among Associated Governments.

2. The paragraph of the agreement numbered 2 should, after the words "provisions of" contain the words "means to permit the Associated Governments to make payment in Holland due them either by means of," and there should be added to this paragraph the words "or otherwise."

3. The paragraph of the agreement numbered 3 should be modified to read substantially as follows: "The Royal Netherlands Government will recognize the agreement made between the N[etherlands] O[versea] T[rust] and the Governments of Great Britain, France and Italy as well as a similar agreement to be concluded between the

N.O.T. and the War Trade Board of the United States and consents to the control of imports and exports provided for in such agreements. The Royal Netherlands Government will take the necessary steps to maintain an effective prohibition of exports as provided for in the agreements above referred to and undertakes that the Netherlands Oversea Trust shall continue in existence during the currency of this agreement, exercising such functions as may be necessary to perform the terms of those agreements."

4. With reference to paragraph of the agreement numbered 4, we agree with your suggestion that a clause be added to effect that export licenses from any of the Associated Governments shall be conditional upon such terms regarding place, port, delivery, and time as such Governments may desire to impose. We include the word "time" as agreement does not appear to provide for quarterly or periodical shipment of rations.

5. With reference to the ration schedule set out in your 1857, Embassy 3679, undated [*November 12*], received November 13.¹ We are prepared to accept the same subject to the comments contained in our 1623, Department's 2812, November 14, 8 p. m.,² and subject to the modification of the item of oils and fats. In view of prospect of world shortage, we are not now prepared to consent to Dutch receiving more than 40,000 tons. We, however, consent to addition of a clause stating that this figure is subject to upward revision if justified in the light of a more careful survey of world conditions. If Taylor upon arrival agrees to increased figure for fats this will be acceptable to us.

6. The paragraph of the agreement numbered 5 should contain after the words "Netherlands" where first used, the words "unless from Associated Governments or Dutch colonies." We do not desire to require that Dutch purchases in their own colonies or in Associated Governments be made through executives. We do not understand whether the proposed arrangement satisfactory to Oils and Seeds Committee would affect purchase and export of oils and seeds from Dutch colonies to United States, but if so arrangement must be made subject to approval not only of Oils and Seeds Committee but the War Trade Board or other agency of the United States.

7. With reference to paragraph of agreement numbered 11. We regard the expression "until treaty of peace is signed" as vague and suggest change to read somewhat as follows: "until peace exists between all of the Associated Governments on the one hand and all of the Central Powers on the other hand."

¹ *Ante*, p. 1563.

² Not printed.

8. With reference to paragraph of the agreement numbered 13. We suggest the addition at the beginning of the paragraph of the words, "the right is reserved by Associated Governments to require," and the elimination at the end of the paragraph of the words, "provided the country to which deficiency is owing assents."

9. With reference to paragraph of agreement numbered 14. We suggest the addition at the end of paragraph of the words, "and if desired by the Associated Governments to the occupied districts of Germany."

10. With reference to paragraph 15 of agreement we must insist absolutely that agreement be subject to termination on 30 days' notice given by or on behalf of any one of the Associated Governments to the other parties. We see no particular objection to giving Holland likewise the right to terminate on 30 days' notice as it seems improbable that she would exercise this right. You will have in mind that under existing legislation the powers of the War Trade Board terminate with peace, and we cannot even though it should be desired now make an agreement which may not be terminated before or upon conclusion of peace.

11. We are agreeable to question of East Indian products being left out of general agreement, as we think we can satisfactorily handle this matter along lines heretofore followed.

12. We regard it as important that you secure a letter as suggested by you dealing with the shipping situation and providing that Dutch ships now in service of Associated Governments or at least of the Government of the United States should be placed under voluntary charter for service under same control as now for the period of the agreement; the charter terms to be subsequently agreed upon and the ships to be run by Dutch crews and officers under the Dutch flag. The general agreement should be made subject to the making of a satisfactory shipping agreement of this nature.

13. There should at the conclusion of the agreement be added a new paragraph to the effect that the War Trade Board of the United States is an administrative agency acting pursuant to authority conferred upon it by the President of the United States pursuant to acts of Congress, and that the obligations which it assumes are limited to the granting of licenses and the facilitating of exports in accordance with the terms of the agreement.

14. Subject to paragraph 10 hereof, you are given general authority and discretion to sign the agreement on behalf of the War Trade Board.

LANSING

File No. 656.119/887g

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, November 18, 1918, 4 p. m.

2882. For Sheldon [from War Trade Board]:

No. 1646. Has new agreement with N[etherlands] O[versea] F[rust] been signed by Associated Governments? If not, is it contemplated that War Trade Board should sign joint agreement or separate identic agreement? Clause in general Dutch agreement consenting to N.O.T. agreement removes objection to War Trade Board's making agreement with N.O.T. similar to that of Associated Governments. Consult with Edwards and repeat this cable to him if he is not at London.

LANSING

File No. 656.119/885

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, November 18, 1918, 5 p. m.

[Received 5.46 p. m.]

3814. War Trade Board [from Sheldon]:

No. 1895. Referring to telegram No. 595 from McFadden to you November 16.¹ The British have had in mind that the present Dutch agreement is made with the Royal Netherlands Government and I think they are disposed to tell the present Government that if a new Government should be formed in Holland which was not approved by the Associated Governments we would not be bound to grant the facilities according to the proposed draft agreement. I should like to inquire whether you are willing to adopt this policy and whether you are willing that a separate letter should be written to the Dutch delegates saying that the agreement is signed subject to these conditions.

LAUGHLIN

File No. 656.119/885

The Acting Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, November 22, 1918, 8 p. m.

2981. For Sheldon [from War Trade Board]:

No. 1691. Your 1895. Embassy 3814, November 18, 5 p. m. We doubt advisability of sending letter as suggested which appears to

¹ Not printed.

savor of interference in internal affairs of Holland. Our recent reports of domestic situation of Holland indicate that the situation, which doubtless prompted suggestion, has now passed its critical stage. We assume that were present Government replaced by one which Associated Governments did not recognize, we would automatically be released from compliance with agreement and that it could readily be arranged informally that this be understood in Holland.

POLK

File No. 656.119/892

The Chargé in Great Britain (Laughlin) to the Secretary of State
[Telegram]

LONDON, November 25, 1918.

[Received 6.26 p. m.]

4026. War Trade Board [from Sheldon]:

No. 1941. Dutch agreement was signed tonight. Such alterations as were made in text sent you in my 1874, Embassy's 3727, November 14,¹ will be cabled you tomorrow. Of course the general embargo for all articles on the ration list is automatically lifted.

LAUGHLIN

*Agreement of November 25, 1918, between the Netherland Government and the "Associated Governments"*²

AGREEMENT BETWEEN THE ROYAL NETHERLANDS GOVERNMENT AND THE
BRITISH, FRENCH, AND ITALIAN GOVERNMENTS AND THE WAR TRADE
BOARD OF THE UNITED STATES

REFERRED TO HEREAFTER FOR CONVENIENCE AS THE ASSOCIATED
GOVERNMENTS

1. As soon as employment is reasonably assured all Dutch shipping shall at once resume sailing and shall not lie up. The routes to be followed, the arrangements as to outward cargoes and the regulations for examining cargoes and passengers and crews shall be the subject of consideration forthwith.

Subject to the completion of such arrangements the Associated Governments will use their best endeavours to provide bunkers and ship stores and clear vessels with the utmost despatch. The question of carrying passengers outward from Europe to the United States to be left for further consideration.

2. It is a condition of this agreement that the Royal Netherlands Government will undertake that there shall be no request for the

¹ *Ante*, p. 1565.

² The text here given is that of the War Trade Board's confidential print.

return of Dutch shipping at present employed by the Associated Governments until the Associated Governments have arrived at a satisfactory agreement with the Dutch shipowners as to the employment of the said shipping by the Associated Governments on time charter or otherwise. The Royal Netherlands Government will undertake to facilitate such arrangement.

3. It is a condition of this agreement that an arrangement shall be concluded within thirty days for the provision of loans and/or other mutually satisfactory financial arrangements for the Associated Governments on terms to be agreed with the British Treasury and the French, Italian and United States representatives.

4. The Royal Netherlands Government will recognise the agreement to be made between the Netherlands Oversea Trust and the Governments of Great Britain, France and Italy and the War Trade Board of the United States and consents to the control of imports and exports provided for in such agreement. The Royal Netherlands Government will take the necessary steps to maintain an effective prohibition of exports, as provided for in that agreement, to the Central Powers of all goods imported into the Netherlands under that agreement and the manufactures and products thereof (including bye-products and waste) and (unless otherwise agreed) *articles similaires*, and will do everything in its power to ensure that the Netherlands Oversea Trust shall continue in existence during the currency of the N.O.T. agreement exercising such functions as may be necessary to perform the terms of that agreement.

5. Subject to their own requirements the Associated Governments will facilitate the importation into the Netherlands of the rations indicated in the annexed schedule.

The granting of export licenses by any of the Associated Governments shall be conditional upon the fulfilment of such terms regarding port of delivery, price, time and other arrangements of sale as the Associated Government having jurisdiction thereover may see fit to require.

Such rations may be increased from time to time with the sanction of the Associated Governments, who will take into favourable consideration any applications that may be made.

6. The imports into the Netherlands of articles dealt with by Allied committees or executives as well as nitrates imported into Java shall be purchased through or with the consent of these bodies, when such imports originate outside the Associated countries. The Associated Governments retain the right however to require if they so decide, that purchases of such articles in the countries of the Associated Governments shall be made in the same manner and in this case will notify the Royal Netherlands Government.

Notification of all such purchases shall be given by the Royal Netherlands Government to such committees or executives.

An arrangement is to be come to between the Royal Netherlands Government and the Oils and Seeds Committee regarding the sale and control of oils and seeds from the Dutch colonies; and regarding the sale and control of other articles produced in the Dutch colonies and dealt with by Allied executives or committees, these shall be dealt with as may be mutually agreed between the Royal Netherlands Government and the Associated Governments. Such arrangement is also subject to the approval of the War Trade Board of the United States, so far as such sales and control may relate to the United States. A Dutch representative to join the Oils and Seeds Committee as a member of the committee. The question of Dutch representation in Allied committees or executives which deal with other commodities of which an important quantity is produced in the Netherlands or her colonies shall be considered.

7. It is a condition of this agreement that an agricultural agreement shall be made within thirty days hereof with the *Nederlandsche Uitvoer Maatschappij* and shall be assented to by the Royal Netherlands Government.

8. Statistics of Dutch exports and imports shall be provided by the Royal Netherlands Government in such manner and at such times as shall be agreed upon.

9. Statistics shall be communicated forthwith to the Associated Governments of livestock in the Netherlands and of stocks in the Netherlands of such commodities as the Associated Governments shall require on which the rations are based.

10. Whenever any imports into the Netherlands of raw materials are specially licensed by the Associated Governments or any of them, for the express purpose of return in the form of manufactures or of packing or any other form, the Royal Netherlands Government will give licences for such export from the Netherlands. In the case of imports of non-rationed articles 5 per cent of the raw material as imported may be retained for home consumption in the Netherlands. The Royal Netherlands Government will be previously notified regarding the terms upon which the imports referred to will be made.

11. In the event of any portion of imported rations being requisitioned by the Royal Netherlands Government the same shall remain under the control of the Netherlands Oversea Trust in respect of their distribution and ultimate destination.

12. Without prejudice to the obligation of the Royal Netherlands Government to maintain the prohibitions of export specified in clause 4 hereof and except as may be subsequently agreed or is pro-

vided by clause 13 of this agreement and by the fishery agreement, no exports shall take place to the Central Powers of fodders, fertilisers or foodstuffs of any kind including animals alive¹ or dead and the products thereof, sugar whether *in natura* or in sugar-containing articles, hay, straw, seeds (except as agreed) or manure, technical fats, bone grease or soap (except 130 tons of hard soap per month), bulbs (except bulbs for horticultural purposes which may be exported to the Central Powers on such terms as may be provided in the new agricultural agreement); and leather hides and skins (until the treaties of peace are signed between all of the Associated Governments on the one hand and all of the Central Powers on the other hand).

13. The Royal Netherlands Government declaring that it is necessary for them to make certain exports to the Central Powers in order to obtain essential supplies from those countries, the Associated Governments will not object to exports being made of the following commodities in quantities not exceeding those specified below.

(a) 1,000 tons of offals may be exported per annum to the Central Powers; the character of offals to be defined in the new agricultural agreement.

(b) The export of seeds and flax to the Central Powers and to the Associated countries will be considered in connection with the new agricultural agreement.

(c) The return of iron and steel scrap or [*of*] iron and steel imported from the Central Powers and from the Associated countries will be considered.

(d) The export of milk and milk products to the Central Powers will be dealt with under the new agricultural agreement but shall not exceed 17 per cent of the total export from Holland in terms of condensed milk, provided that not more than 4,400 tons in terms of condensed milk may be exported to the Central Powers within twelve calendar months.

(e) Vegetables and fruit may be exported to the Central Powers as provided in the new agricultural agreement save that no fruit pulp or potatoes shall be exported in any form except as may have been previously agreed.

14. Any deficiency in respect of any article owing to the Associated countries under the existing agricultural agreement to be made good before the article in respect of which such deficiency exists may be exported to any other country, but export may be made to Belgium and the evacuated districts of France with the assent of the government of the country to which the deficiency is owing.

15. Subject to the domestic requirements of the Netherlands and consistently with the terms of this agreement the Royal Netherlands

¹ See annex 2, *infra*.

Government will place no restrictions upon and will continue to give all facilities for exports from the Netherlands to the Associated countries and Belgium and the evacuated districts of France, and, if desired, by the Associated Governments, to the occupied districts of Germany.

16. The obligations of the War Trade Board of the United States (an administrative agency acting pursuant to authority conferred upon it by the President of the United States pursuant to acts of Congress, and whose powers are administrative and pertain wholly to the United States domestic and internal affairs) are limited under this agreement to granting licences for and facilitating the export of the articles enumerated in the annexed ration list, during the currency of this agreement, and in accordance with its terms, in so far as such articles are not required for consumption in the United States or in nations associated with the United States in the war, or to meet other obligation of the United States.

17. The trade relations between the United States and the Dutch colonies will be discussed forthwith by the authorised representatives of the respective Governments with a view to arrive at a mutually satisfactory agreement.

18. This agreement shall come into force upon the execution thereof, and shall continue for the period of twelve calendar months, unless previously terminated by mutual agreement; subject, however, to the right of any one of the Associated Governments or of the Royal Netherlands Government to withdraw from this agreement upon thirty days notice. Such termination shall not apply to subsidiary agreements which shall be subject to their own termination clauses.

F. LEVERTON HARRIS

J. C. CHARPENTIER

F. GIANNINI

UNITED STATES WAR TRADE BOARD,

L. P. SHELDON

E. HELDRING

November 25, 1918.

[Annex 1]

DUTCH RATIONS

GENERAL CONDITIONS

1. The figures of rations set out in the following schedule are the maxima beyond which it is agreed that imports shall not take place: importation is subject to the ability of Holland to lift the rations with the tonnage at her disposal.

Imports of rationed goods from all sources, including the Central Powers, shall be charged against the appropriate rations.

2. All rations are to date from the 1st October 1918, imports reaching Holland on and after that date being charged against the appropriate rations.

3. The annual quantities to be divided into equal quarterly quantities except for:—

- (a) Benzine, gas oil, mica, for which an annual ration is to be fixed, and
- (b) Goods which only, or for the greater part, arrive from South America, the Far East and Australia, for which a half-yearly ration to be fixed.

4. Imports of any article, except those mentioned in paragraph 3(b) and except so far as is otherwise specifically provided in the schedule to be allowed to exceed in any quarter, or in any period of six months the quantity fixed as ration by 25 per cent, on condition that the excess is deducted from the ration for the next quarter, or next period of six months.

5. If in any quarter, or in any period of six months, the fixed three-monthly or half-yearly quantity of any article is not fully imported, no objection to be made, except as specifically provided in the hides, leather and tanning materials agreement, against the deficiency being imported in the next quarter, or next period of six months.

SCHEDULE OF DUTCH RATIONS

Commodity	Yearly ration (all figures in metric tons unless other- wise stated)	Remarks
Aluminum and manufactures.....	50	
Animal hair and bristles, includ- ing human hair.....	50	
Annatto seed.....	25	
Antimony:		
Regulus.....	20	
White metal and other anti- friction metals.....	100	
Type metal.....	60	
Asbestos and manufactures.....	600	No crocidolite.
Asphalt.....	1, 000	
Benzine and petrol.....	9, 000	No import in tins.
Bicycles, motor cycles, motor cars, and parts.....		Applications to be dealt with on their merits.
Borax and boracic acid.....	600	
Capoc.....	1, 000	Increase to 1,500 tons to be con- sidered.
Calcium carbide.....	6, 000	To be drawn from Scandinavia.
Casoid, biscuits, and flour.....	2½	
Castor oil.....	250	
Cereals for breadmaking:		
Wheat, rye, and products.....	225, 000	} Ration from Oct. 1; last quarter's ration not to be anticipated.
Other breadmaking cereals.....	100, 000	
Chemicals.....		Applications to be dealt with on merits.

SCHEDULE OF DUTCH RATIONS—Continued

Commodity	Yearly ration (all figures in metric tons unless other- wise stated)	Remarks
Cinchona bark	50	
Cocoa beans	8, 000	Chocolates to count at double weight against cocoa beans ration.
Coir yarn	750	
Cod-liver oil	20	
Coffee	35, 000	
Copper, copperware, and manu- factures	4, 000	
Corkwood	1, 500	
Cotton and cotton goods	24, 000	2,000 tons extra if from Dutch Indies.
Fertilisers:		
Phosphate rock	40, 000	
Pyrites	22, 000	
Nitrates	45, 000	
Fibres, vegetable	1, 200	
Fodder:		
Maize	200, 000	} Including oil-cake value of im- ported oil seeds.
Other kinds	100, 000	
Fruit, dried		Question of a ration to be con- sidered.
Furs and fur skins	300	
Gas oil	20, 000	No import in tins.
Graphite, plumbago, and cruci- bles	100	Crucibles at $\frac{3}{4}$ ds of import weight.
Grinding materials:		
Amaul	} 100	{ Carborundum not to exceed 20 tons.
Corundum		
Alundum		
Carborundum		
Grinding stones	400	
Abrasive paper and cloth	100	
Gums, hard	500	Up to 200 extra, by export of $7\frac{1}{2}$ tons of soft gums to approved destinations in exchange for each ton of hard gums imported beyond 500.
Felt not containing wool	900	
Hemp and manufactures	3, 500	
Honey	200	
Iron and steel		Applications to be dealt with on their merits.
Jute and manufactures	5, 000	Jute bags now in Holland to be released, but not to count against the ration.
Lead and lead ware	4, 000	
Liqueurs	10	
Lubricating oil	11, 000	No imports in tins.
Machinery		Applications to be dealt with on their merits.
Magnesite, raw	4, 000	
Mica and micanite	4	
Mine explosives		Do.
Munitions		Do.
Nickel (including anodes and pure nickel wire)	25	
Nickel alloys	50	

SCHEDULE OF DUTCH RATIONS—Continued

Commodity	Yearly ration (all figures in metric tons unless other- wise stated)	Remarks
Nickel wire for electrical appa- ratus-----	10	
Nickel salts-----	8	
Nuts, kernels, and bananas-----	1, 000	
Oils and fats for edible and tech- nical purposes, including oil seeds and soap at oil value-----	80, 000	Of which only 50,000 tons may be vegetable oils (including the oil content of oil seeds). To be reduced by the amount by which Dutch production of butter exceeds 20,000 tons dur- ing the ration year. Last quarter's ration not to be an- ticipated. The question of additional imports to compen- sate for exports to Associated Powers may be considered.
Paraffin wax and other waxes----	1, 600	Increase to 2,000 tons to be con- sidered.
Petroleum-----	100, 000	No import in tins.
Pyrites (for non-fertilising pur- poses)-----	5, 000	Increase to 10,000 tons to be con- sidered.
Rice, including malt, sago, tapi- oca, mandioca, arrowroot, and starches-----	50, 000	
Rosin-----	1, 000	Increase to 1,750 tons to be con- sidered.
Rubber manufactures of the following kinds:		
Rubber sheets-----	200	{ On condition that release of raw rubber of all kinds from the reems do not exceed 500 tons per annum and on condition that satisfactory control is exercised over worn-out motor tires and tubes.
Surgical and athletic goods----		
Dental rubber, and of such further kinds as may be agreed.-----		
Silk and manufactures-----	205	
Spirits, crude, in terms of 50% strength-----	10, 000	From Java. Not more than 2,500 tons in any quarter, with further limitation that imports in any quarter shall not exceed exports from Holland to ap- proved destinations of manu- factured spirits during preced- ing quarter.
Sulphate of copper-----	250	
Sulphur-----	1, 000	Increase to 1,500 tons to be con- sidered.
Talc (powder only)-----	500	
Tea-----	5, 000	Increase to 6,000 tons to be con- sidered.
Tin-----	1, 000	Imports not to commence until present stocks are so reduced as to necessitate further im- ports.
Tin plate, terne plate, and black plate-----		The Associated Governments will endeavor to provide supplies.

SCHEDULE OF DUTCH RATIONS—Continued

Commodity	Yearly ration (all figures in metric tons unless other- wise stated)	Remarks
Tobacco-----	22, 000	No export to Central Powers except of 500 million cigars. The question of additional imports to compensate for exports of tobacco manufactures to approved destinations will be considered.
Turpentine-----	1, 500	
Typewriters-----	150	
Tyres and tubes:		
Bicycle-----pieces--	1, 000, 000	
Motor car—		
25,000 tyres}-----pieces--	40, 000	
15,000 tubes}		
Motor cycles—		
15,000 tyres}-----pieces--	23, 000	
8,000 tubes}		
Varnishes and lacquers-----	150	
Whisky, brandy, and rum-----	400	
Wine-----	8, 500	
Wood (exotic): Teak-----	4, 800	
Cedar-----	1, 000	
Pockwood-----	200	
Mahogany-----		Application for ration of 500 tons to be considered.
Wool at clean value, including manufactures-----	6, 000	Woolen manufactures to be charged against ration at import weight.
Zinc and zinc ore-----		Applications to be considered on merits.
Hides, leather, leather manufactures, and tanning materials-----		To be subject of separate arrangement forming part of this agreement.
Materials containing tannin and chrome, not for tanning hides-----		Ration of 230 tons to be considered.

[Annex 2]

The British Representative (Levertton Harris) to the Netherland Delegate (Heldring)

FOREIGN OFFICE, S. W. 1.,
25 November, 1918.

DEAR MR. HELDRING: With reference to the agreement now concluded with the Royal Netherlands Government, I beg to inform you that notwithstanding article XII of that agreement the Associated Governments will not raise objection to the export of cattle from the Netherlands to the Central Powers on the following terms, should the Royal Netherlands Government find it necessary to make any such exports.

For every two head of cattle exported to Belgium and/or the evacuated parts of France, one head of cattle of similar character may be exported to the Central Powers, but not more than 15,000 head shall be exported to the Central Powers during the next 12 months, and no cows in calf shall be included in such export. The cattle must have arrived in Belgium or France before the export to the Central Powers is to take place.

Similarly, no objection would be raised, should the Royal Netherlands Government find it necessary to make any such export to the Central Powers, of 1,000 horses and 7,000 foals, on condition that three horses shall be previously exported to Belgium or to the evacuated parts of France, for each one horse to be exported to the Central Powers, and one foal shall be previously exported to Belgium or the evacuated parts of France for each one foal to be exported to the Central Powers.

It is understood that the exports to Germany mentioned in this letter and in the general agreement will not take place unless Germany for her part fulfils her obligations to supply Holland with her requirements of coal, salt, iron, and potash. Believe me,

Yours sincerely,

F. LEVERTON HARRIS

File No. 656.119/932

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram—Extract]

LONDON, December 18, 1918.

[Received 1.24 p. m.]

4704. War Trade Board [from Sheldon]:

No. 2122. Embassy's 4331 of December 5, our 2001;¹ Embassy's 4423 of December 9, our 2024;¹ and Embassy's 4648 of December 16, our 2104.¹ N.O.T. agreement has just been signed by representatives of British, French and Italian Governments and N.O.T., although all parties greatly regretted that no answer from War Trade Board has been received to our 2001 which was sent from here 13 days ago, yet as Valstar must leave for Holland this morning and as British representatives are to leave for Paris tomorrow negotiations could not be further prolonged here and for the reasons indicated in our above tables it was considered undesirable to leave negotiations in an uncompleted state with probable result that they would be entirely reopened by Dutch Government or N.O.T. at The Hague. . . .

LAUGHLIN

¹ Not printed.

*Joint Agreement between the Governments of Great Britain, France,
and Italy and the Netherlands Oversea Trust*¹

December 17, 1918.

It is hereby agreed between the Governments of Great Britain, France and Italy, hereinafter referred to as the Associated Governments, on the one part, and the Netherlands Oversea Trust, hereinafter referred to as the Trust, on the other part, as follows:

1. The Associated Governments undertake, subject to the due observance of the provisions of articles 2 and 3, that vessels on their way to Dutch home ports carrying goods consigned to the Trust and approved by the Associated Governments before shipment will not be detained for reasons connected with the goods except for purposes of examination.

Goods arriving in the Netherlands consigned to the Trust will not be withheld from delivery except where something unforeseen occurs between the time of the approval of the import of the goods by the Associated Governments and their arrival in the Netherlands (as for instance if the consignee has been placed on the black list). In such case the Associated Governments reserve the right to ask for the goods to be stored until the ratification of the treaty of peace; but the Associated Governments promise to restrict, as far as possible, the exercise of this right.

2. The Trust undertake that every consignment of goods which it is proposed to ship to the Netherlands addressed to the Trust from any place of origin whatsoever, excluding Denmark, Norway and Sweden, shall previously be submitted for approval of the Associated Governments except (1) in the case of exports from the United Kingdom or the United States or France or Italy such goods as shall be covered by export licenses issued by the respective Governments of those countries and (2) in the case of exports from countries where the system of letters of assurance is or may be in future operation, such goods as shall be covered by letters of assurance.

3. The Trust undertake as heretofore to issue no permits of importation in respect of any consignments whatsoever, whether of rationed commodities or otherwise, in favour of any companies, firms or persons whose names are either on the published black lists or on the confidential black lists of the Associated Governments, of which a copy is from time to time communicated to the Trust, and to allow no delivery directly or indirectly to such companies, firms or persons.

4. The Trust undertake that all goods imported on Dutch vessels into the Netherlands from Denmark, Norway and Sweden shall be

¹Adhered to by the War Trade Board of the United States; letter of adherence, *post.* p. 1591. The texts of the agreement and letter of adherence here given are those of the War Trade Board's confidential print.

consigned to the Trust after production of Trust certificates and under Trust conditions and the Trust will take such steps as may be possible to control in the above manner all imports into the Netherlands from Russia and Finland.

All imports of rationed goods from the above countries into the Netherlands on whatever vessels they may be carried shall be counted within the respective rations, and the Trust shall supply monthly returns of such imports.

The Trust shall take all steps in its power to limit the export of goods from the Netherlands to Norway, Sweden and Denmark to those goods which are covered by this agreement and the agricultural agreement. The Trust shall furnish to the Associated Governments monthly returns of all goods exported on Dutch vessels to the said countries.

5. Subject to the terms of article 23 all goods imported into the Netherlands from overseas shall be consigned to the Trust; and the Trust guarantee the home consumption of all such goods. This guarantee shall apply (without prejudice to any re-export which may be specially permitted by agreement with the Associated Governments) not only to the goods so imported but also to all articles and commodities which may be manufactured or produced therefrom as well as to all receptacles, containers and packing material in which the goods are imported. This guarantee shall extend to both the wholesale and retail trades.

The Trust undertake to control the ultimate destination of all such goods, and such control shall continue even in the event of any goods being requisitioned.

6. The phrase "home consumption" shall be deemed to include re-export to a Dutch colony.

7. Except in the case of the commodities enumerated in article 9 [8], the phrase "home consumption" shall also be deemed to include re-export to a neutral country, provided always that such re-export shall not take place through the territory of a country at war with the Associated Governments unless specially authorized by the Associated Governments and provided also that (a) where the importation of similar commodities into such neutral countries from overseas is regulated by an agreement or other arrangement between the Associated Governments and an importing association or other body, the commodities shall not be re-exported from the Netherlands until there shall have been issued in respect of them the certificate or other guarantee provided in such agreement or arrangement and shall be consigned in the manner provided in such agreement or arrangement and (b) where the importation of similar commodities into such neutral countries from overseas is not so regu-

lated, the commodities shall only be re-exported under the same guarantees as are required by the Associated Governments in connection with the importation of similar commodities into such neutral country from overseas or under such other guarantees as may be approved by the Associated Governments upon proposal by the Trust.

8. Except where special authority shall be previously given by the Associated Governments the following commodities shall in no case be re-exported from the Netherlands to neutral countries:

Grain (rye, barley, oats, maize, rice), also meal and flour thereof.

Meat of all kinds (fresh, prepared and tinned).

Lard.

Tinned fish.

Feeding stuffs, including all articles used as fodder (as for instance barley, oats, maize, rice, bran, green fodder, hay, potatoes, beans, vetches, lupines, peas, lentils, malt, distillers' waste, mangel wurzels), beetroot, beetroot chips, rape seed, linseed, cotton seed, earth nuts, soya beans, oil cakes (also meal).

Hides.

Leather.

Metals and metal manufactures of every description.

Cotton, cotton thread and cotton goods.

Wool and woollen goods.

Mineral and vegetable oils.

Fats of every kind.

Metal goods which are only partly made of metals and of which metal does not constitute the principal and most valuable element will not be considered to fall under this heading unless the metals used therein are of importance for military purposes. The above restriction will not affect articles ordinarily used in the packing of goods exported to neutral countries, such as nails, screws, hoop iron, etc., with exception of tinsplate.

9. No re-export shall take place to any country or part of a country in the occupation of a country at war with the Associated Governments except with the approval of the Associated Governments.

10. When so requested by the Associated Governments the Trust will furnish statements of the stocks of any imported commodities (and products thereof) in the Netherlands, and when the Associated Governments have good ground for believing that excessive stocks or stores of such commodities already exist in the Netherlands the Trust will suspend the issue of permits of importation until such stocks have been disposed of or reduced to a figure to be mutually agreed.

11. Except where otherwise agreed, imports of rationed commodities into the Netherlands from all countries shall be counted within the respective rations, and the Trust shall furnish to the Associated Governments monthly reports of all such imports.

12. Whenever it is shown that the imports of any commodities for which a ration is or may be fixed are in excess of the ration, the Trust undertake not to deliver further consignments but to hold them in store until the position of the ration is redressed.

13. The Trust shall take all steps in their power to ensure that no permits for exportation either direct or indirect (especially for the "finishing traffic," unless otherwise agreed) shall be given for commodities existing or produced in Holland (and which are thus free from Trust control) of a like nature to commodities consigned to the Trust. The term of a "like nature" shall be interpreted to denote those commodities which fulfil or can reasonably be said to fulfil the same needs as those imported by the Trust ("articles similaires").

The Trust shall oppose the issue of any export license for any such goods, and should any export nevertheless take place the Trust shall refuse to grant consents for any import into the Netherlands of any such goods and shall inform the Associated Governments thereof giving the reasons for such refusal.

14. Consents for the importation of the following commodities shall be granted to actual consumers only: copper, nickel, antimony.

The Trust shall grant no consents for import of any goods whatever to forwarding agents except for goods of which they were respectively regular importers before the outbreak of war.

Wherever the name of a forwarding agent appears as consignee the Trust shall furnish to the Associated Governments the names of the ultimate receivers of the goods before delivery thereof.

15. When any imports into the Netherlands of raw materials other than rationed are specially licensed by the Associated Governments for the purpose of return in the form of manufactures therefrom to one or other of the Associated countries or in the form of packing for goods destined for one or other of the Associated countries or in any other form indicated, the Trust will do their best to secure the regular return of the whole of such raw materials in the form of manufactures or packing or other form, less in each case a quantity of 5 per cent of the raw materials, which quantity may be retained in the Netherlands for home consumption within the meaning of this agreement.

When any imports into the Netherlands of raw materials for which rations are or may be fixed are specially licensed by the Asso-

ciated Governments in excess of such rations for the purpose of return in the form of manufactures therefrom to one or other of the Associated countries or in the form of packing for goods destined for one or other of the Associated countries or in any other form indicated, the Trust will do their best to secure the regular return of the whole of such raw materials in the form of manufactures or packing or other forms.

Notwithstanding anything to the contrary herein contained the Trust will do their best to secure the return to Associated countries of all receptacles and packing material imported into the Netherlands from Associated countries for the express purpose of containing or packing goods destined for export to Associated countries.

16. The Trust shall furnish as and when requested by the Associated Governments periodical statistics of all imports into and exports from the Netherlands as far as these fall under the scope of this agreement.

The Trust shall furnish from time to time to the Associated Governments copies of forms of all Trust contracts.

17. Vessels sailing from Dutch home ports the manifests of which are endorsed with a certificate by the Trust's Committee for Dutch Overseas Interests (hereinafter called the Committee) that the cargo consists only of licensed goods, provided they call for examination at a port to be notified to the Trust beforehand in such case, will not be detained on the ground that they were carrying goods of enemy origin or enemy ownership longer than is necessary for the examination and verification of their papers.

18. Licensed goods shall mean:—

(a) Goods of Dutch origin in respect of which certificates of origin have been issued in joint collaboration by the Netherlands Customs Officials and the factory inspectors, and *visé* by the Committee for Dutch Overseas interests.

Such goods will be marked "A" on the manifest.

(b) Goods of neutral origin which have been forwarded direct to the Netherlands for shipment. These goods must be shipped from Holland without being repacked and must be accompanied by a British or United States or French or Italian consular certificate of origin establishing their neutral origin.

Such goods will be marked "B" on the manifest.

(c) Goods accompanied by British, French, Italian, Portuguese or United States consular certificates establishing to the satisfaction of the Committee that they are of British, French, Italian, Portuguese or United States origin.

Such goods will be marked "C" on the manifest.

(d) Consignments for the carriage of which a permit has been issued by the I[nter-]A[llied] T[rade] C[ommittee].

Such goods will be marked "D" on the manifest.

(e) (1). Manufactured articles, exported direct from the Netherlands in Dutch vessels to a Dutch colony, of which not more than 25 per cent of the value represents enemy labour employed in their manufacture or materials of enemy origin.

The N.O.T. will in every case guarantee that the articles are for consumption in the Dutch colony to which they are consigned and will in no circumstances be transhipped or re-exported to any other destination.

Such goods will be marked "E" on the manifest.

(e) (2). Manufactured articles exported from the Netherlands to any other destination, of which not more than 5 per cent of the value represents enemy labour employed in their manufacture or material of enemy origin.

Such goods will be marked "EE" on the manifest.

(f) Spare parts of machinery of enemy origin necessary for the proper working of machinery itself [of] enemy origin already installed in the Dutch colonies.

Such goods will be marked "F" on the manifest.

(g) The following drugs of enemy origin for *bona fide* consumption in the Dutch colonies:

Fermocyl tablets, fuchsin acid, orexin tannin, eugallol. (These drugs are at present unobtainable in sufficient quantities from neutral or Allied sources but this clause is subject to revision should this cease to be the case.)

Such goods will be marked "G" on the manifest, and the precise nature of the drugs will also be specified.

19. In any case of doubt as to the propriety of licensing the shipment of goods [of] other than purely Dutch origin the Trust shall furnish to the representatives of the Associated Governments at The Hague on their request, a full explanation of the circumstances of the case at issue, together with all documents connected therewith and shall not license the shipment until the Associated Governments have signified their concurrence.

20. The operation of the various special agreements enumerated in the annexed list,¹ except in so far as they are inconsistent with the terms of this agreement, is not limited by this agreement.

21. For the purpose of this agreement, the term "countries at war with the Associated Governments" shall be deemed to include territory in the occupation of such countries.

¹ Not printed.

22. All postal packets for the Netherlands of a value exceeding five pounds shall be consigned to the Trust and shall be subject to the usual guarantees, with the exception of:

- (1) Parcels destined to prisoners of war.
- (2) Parcels destined to diplomatic and consular officials or other privileged persons.
- (3) Parcels licensed by the exporting Allied authorities destined to private individuals.

23. All communications between the Associated Governments and the Trust on the subject of or relative to this agreement shall take place between the Trust and the representatives of the Associated Governments at The Hague.

24. This agreement shall come into force on the date of its execution and shall continue until final ratification of the treaty or treaties of peace by all the Associated Governments and the Central Powers unless previously terminated by mutual agreement.

Cessation of this agreement or termination or withdrawal under the terms of this clause shall not affect obligations of the N.O.T. attaching under this agreement to articles then already imported or shipped, and such obligations shall continue in force until three months after the final ratification of the treaty or treaties of peace.

25. Power is reserved to the War Trade Board of the United States (an administrative agency acting pursuant to authority conferred upon it by the President of the United States pursuant to acts of Congress) to adhere to the agreement at any time within twenty-one days from this date, and if the War Trade Board give to the N.O.T. notice of adherence it shall be deemed to be a party to this agreement and included in the expression "Associated Governments," its obligations, however, under this agreement being limited to such as may be assumed pursuant to the authority conferred upon the War Trade Board as aforesaid.

26. In the event of any of the parties to the general agreement made between the Royal Netherlands Government and the British, French and Italian Governments and the War Trade Board of the United States, dated the 25th of November, 1918, withdrawing from the said agreement under the provisions of clause 18, then in such case any of the parties to this agreement may give thirty days notice to withdraw from this agreement and on the expiration of such period shall cease to be bound by this agreement.

17th December 1918.

S. M. VALSTAR
L. WORTHINGTON EVANS
J. C. CHARPENTIER
F. GIANNINI

*Letter of Adherence by the War Trade Board to the Joint Agreement between the Governments of Great Britain, France, and Italy and the Netherlands Oversea Trust*¹

[LONDON,] December 30, 1918.

The War Trade Board of the United States, an administrative agency acting pursuant to authority conferred upon it by the President of the United States, pursuant to acts of Congress, whose obligations assumed herein are limited to the granting of export licenses and the facilitating of exports from the United States, hereinafter referred to as the Board, adheres to the agreement signed the 17th day of December, 1918, by the British, French, and Italian Governments on the one hand, and the N[etherlands] O[versea] T[rust], hereinafter referred to as the Trust, on the other hand, subject to the following reservations and exceptions:

1. The Board, in so far as it becomes a party to the above agreement, by its adherence thereto, enters into the agreement severally and not jointly, the obligations which it assumes are several and not joint and the rights which accrue to it are, in like manner, several.

2. The examination of vessels referred to in article 1, paragraph 1, of the above agreement shall be construed, so far as the Board is concerned, to relate only to the examination of vessels in ports of the United States.

3. In lieu of article 1, paragraph 2, of the agreement, the Trust agrees with the Board as follows:

Goods arriving in the Netherlands consigned to the Trust will not be withheld from delivery except where something unforeseen occurs between the time of the approval of the goods by one of the Allied Governments or the Board and their arrival in the Netherlands. In such case, the Allied Governments and the Board reserve the right to ask for the goods to be stored until the ratification of the treaty of peace, but the Allied Governments and the Board promise to restrict as far as possible the exercise of this right.

4. In lieu of article 2 of the agreement, the Trust agrees with the Board that every consignment of goods which it is proposed to ship to the Netherlands addressed to the Trust from any place of origin whatsoever excluding Norway, Denmark and Sweden, shall previously be submitted for the approval of the Associated Governments and the Board, except consignments shipped from countries where a system of control approved by the Associated Governments and the Board is or may be in operation and approved in accordance with such system of control.

¹Transmitted to the Trust by the War Trade Board representative at The Hague under date of Jan. 13, 1919: notification of the Trust's assent was reported by him, Jan. 18 (File No. 656.119/974).

5. Article 3 of the above agreement shall be construed as obligating the Trust with respect to the Board only to the extent of recognizing the enemy trading list and the confidential lists of the Board, copies of which shall from time to time be furnished to the Trust by the Board.

6. The Board's adherence to the above-mentioned agreement does not include an adherence to article 17 of such agreement which article shall be considered as eliminated from the agreement so far as the Board is concerned.

7. The Board reserves the right to withdraw from its adherence to the above agreement at any time upon 30 days notice to the Trust or after the final ratification of a treaty of peace by the Government of the United States without previous notice.

U. S. WAR TRADE BOARD

L. P. SHELDON

NEGOTIATIONS WITH SWITZERLAND CONCERNING EXPORTS

Insistence of the United States on the Obligation of the Associated Powers to Furnish Shipping for Swiss Grain Supplies under the Agreement of December 5, 1917¹—Allocation of Dutch Ships for This Purpose—Difficulty of Securing German Safe-Conducts—Negotiations with Switzerland Concerning the Export of Cotton Goods

File No. 654.119/97a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, *January 5, 1918, 6 p. m.*

6181. At inter-Allied conference in Paris it was agreed that Switzerland should be guaranteed 30,000 tons of bread grains per month for eight months, for which arrangement the initial stimulus came from Sir Horace Rumbold. On the basis of this understanding, the American agreement with Switzerland contained this promise.² This agreement before being signed with the Swiss representative was accepted by the British and French Blockade representatives, and after signature by Chairman of War Trade Board was ratified at the final meeting of the conference. For reasons now unclear to us, the Inter-Allied Wheat Executive seems disinclined to fulfill the understanding. We have suggested that the Inter-Allied Wheat Executive should furnish the stated sum for December and January, and that tonnage be then allocated to Switzerland to secure the later amounts from Argentine, since the tonnage is controlled by the Allies and Switzerland possesses for January no charters whatsoever. The 60,000 tons of bread grains for December and January were

¹ *Foreign Relations*, 1917, Supplement 2, vol. II, pp. 1185-1196.

² See section III, schedule B, of the agreement of Dec. 5, 1917, *ibid.*

necessarily coming out of the sum agreed for exportation from this country during this time. We are advised that the situation in Switzerland is critical and fulfillment of the agreement is as important as its original formulation.

LANSING

File No. 654.119/94

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, January 8, 1918, 9 p. m.

[Received January 9, 12.10 p. m.]

8194. Referring to your 6126, December 26,¹ and 6181, January 5, 5 [6] p. m. Following is for your information and for War Trade Board from Sheldon:

Conference was held at the Foreign Office today which Wheat Executive, Ministry of Shipping and Sheldon attended. British position is as follows. Their representatives' approval *ad referendum* to the American-Swiss agreement was due to misapprehension derived from the French to the effect that the *ravitaillement* conference had agreed to furnish not only the wheat but also the tonnage. The Wheat Executive maintains that it never agreed to furnish the tonnage and Beale² [expressly] points out that he stated this to be inadvisable both from lack of shipping and because the Wheat Executive boats could not obtain safe conduct. While the British agree that there is every urgency for furnishing the wheat and tonnage to Switzerland for the reasons that were so strongly urged in Paris, both the Wheat Executive and the Ministry of Shipping say that they cannot find the tonnage either among Allied or neutral ships, and the Wheat Executive state further that they fear they may be short on their January program on account of shortage although having priority call on the Ministry of Shipping availability.

The British in spite of the foregoing read the text of the Swiss agreement to mean that the grain is guaranteed to Switzerland subject to an arrangement to be made between the Wheat Executive and the Inter-Allied Chartering Executive and while they are willing to use their best efforts to find the tonnage they nevertheless feel that Switzerland ought to agree in principle that if the tonnage is found satisfactory credits will be granted by Switzerland. The Swiss apparently are willing to agree to this in principle and the difficulty now arises of securing the tonnage and I am asked to cable whether if the Dutch tonnage in America is made available it would not be possible to get a permit from the Dutch to use some of this tonnage immediately to transport cereals to Cete provided the Swiss can obtain safe conduct for these boats. The British see no other way of finding the tonnage for Switzerland. Cravath telegraphs from Paris that Clémentel claimed that there is no commitment to the Swiss for tonnage for transportation of wheat and states the record supports his view.

¹ Not printed.

² Sir John Field Beale, chairman of the Wheat Executive.

Do you approve of trying to make arrangements to use Dutch boats for this purpose? If not, could you offer any assistance for the transport of wheat and what are your general instructions regarding tonnage for the Swiss requirements?

PAGE

File No. 654.119/112

The Swiss Minister (Sulzer) to the Secretary of State

MEMORANDUM

After his interview with Doctor Taylor January 2, the Minister of Switzerland cabled to the Swiss Government in Berne that according to a statement made by Doctor Taylor the War Trade Board, in agreement with the British Embassy, had forwarded the following proposals to London by cable:

Switzerland shall be supplied with the guaranteed allotments of breadstuff grains for the first two months (30,000 tons per month) out of the supply held by the Allies in Europe. For further allotments Switzerland shall be granted the necessary tonnage to enable her to procure the breadstuff grain in the Argentine, where it will be placed at the disposal of Switzerland by the Inter-Allied Wheat Executive.

This information has been transmitted to the Legation of Switzerland in London with the request to ascertain whether the British authorities have accepted this proposition.

The Legation of Switzerland in Washington is now in receipt of a cable from Berne stating that Sir [Eyre] Crowe¹ has referred the Legation of Switzerland in London to the wording of the decision taken by the "section de ravitaillement" at the inter-Allied conference in Paris which reads as follows:

[Translation]

The Allies are in agreement that the bread cereals to be supplied to Switzerland, in so far as the commodities themselves are concerned, should be included in the provisions for importation by France, the maritime transportation having to be provided by Switzerland.

The Minister of Switzerland has been instructed by the Swiss Government to draw the attention of the Government of the United States to the fact that this wording is in direct contradiction to the corresponding paragraph in the memorandum reached between the War Trade Board and the Swiss Government, and to request the Government of the United States that immediate steps be taken to clear up the apparent misunderstanding so that there be no further delay in the supply of Switzerland with the guaranteed breadstuff grain allotments. The Government of the United States is no doubt

¹ Of the British Foreign Office.

aware that, as, contrary to the stipulations of the American-Swiss memorandum, no action has yet been taken, the bread situation in Switzerland is becoming most critical.

WASHINGTON, *January 10, 1918.*

[*Received January 11.*]

File No. 654.119/117a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, *January 15, 1918, 8 p. m.*

6258. Following is from War Trade Board for Sheldon:

Our No. 5. Referring your 8194 through Department, the action of the Paris conference was based upon proposal by the British Minister in Berne as to the serious political and military results that would follow if Switzerland were unable to secure the minimum grain requirements and would be compelled to accede to the maximum German demands in order to avoid starvation.

It was agreed that the minimum needs of 30,000 tons per month should be taken over by the Inter-Allied Wheat Executive, in other words, placed upon the same basis as those of the Allies, obviously this body to supply either the grain itself in France, or the tonnage to carry it to France. The interpretation which the British authorities have placed upon this agreement, namely, that they merely guaranteed to the Swiss the right to buy it, leaving it up to them to transport it, would leave the Swiss exactly where they were before, since they had then no difficulties in buying it, but merely in transporting it. This would mean that the Inter-Allied Conference deliberately and solemnly promised to give the Swiss what they already possessed. Naturally the Swiss will leave the market when the Allies furnish the grain which is due Switzerland. The statement of the Minister of Shipping is that they can not find tonnage either among Allied or neutral ships. This only shows the absurdity of the statement that the Paris conference guaranteed the Swiss their breadstuffs if they could find the tonnage, because Swiss inability to find the tonnage, under present conditions and control of tonnage, was the very reason why they appealed for relief. The Swiss appeal for relief was an appeal for tonnage; if they were promised relief at all, it could be only in the shape of tonnage, or of wheat in France; any other promise was mere words.

As to the loan, it does not seem to us to be in accordance with international equity to request a loan in performance of what we have already agreed to do. There are, furthermore, good opportunities for securing such a loan apart from this. Before we left Paris, we turned over to Mr. Crosby a memorandum to the effect that Switzer-

land needs further tonnage in order to provide sustenance for domesticated animals, raw products for the maintenance of her industrial and economic life, and manufactured products in order to maintain her social life; that in return for tonnage directed to these ends Switzerland should agree to sell timber to Pershing, facilitate a loan, and deliver to Allies increased amounts of calcium carbide, aluminum, and ferro-silicon. Of course, if there is to be no tonnage to transport to Switzerland anything outside of the 240,000 tons of wheat, this will place her in the position of blockaded Germany, so far as her industries are concerned.

The British representatives sat in on the negotiations with Switzerland in Paris and concurred with all the other Allies in the agreement and we feel we must insist upon the agreement being carried out in the greatest good faith.

As to the Dutch tonnage there can, of course, be no objection by the War Trade Board, if the Shipping Board approves, to the use of Dutch boats when they are in our possession. But in any event, tonnage must be found to carry these foodstuffs to Switzerland in accordance with our promise and the promises of the Allies.

LANSING

File No. 654.119/99

The Secretary of State to the Chargé in Switzerland (Wilson)

[Telegram]

WASHINGTON, January 16, 1918, 5 p. m.

1347. Referring Legation's No. 2379 of January 10, 10 a. m.,¹ Dresel should be instructed to participate as suggested with British and French representatives in forthcoming negotiations for the reduction of cotton and rubber goods in accordance with the rights reserved in [part II,] article 11(a) of the Swiss-American agreement signed in Paris on December 5, 1917.²

LANSING

File No. 654.119/102

*The Acting Secretary of State to the Ambassador in Great Britain (Page)*³

[Telegram]

WASHINGTON, January 19, 1918, 4 p. m.

6298. Referring further to Department's 6258, January 15, 8 p. m., you are instructed after showing this cable to Sheldon to make formal representations to Foreign Office to the following effect:

¹ Not printed.

² *Foreign Relations*, 1917, Supplement 2, vol. II, pp. 1185-1196.

³ Repeated by telegram No. 1366 on the same date, to the Chargé in Switzerland, for his information, with added sentence: "Substance of this telegram has been communicated to the Swiss Minister here."

The action taken at inter-Allied conference was to the clear effect that the Allies guaranteed 30,000 tons bread grains per month to Switzerland for eight months. This guarantee could be fulfilled either by the delivery in France by Wheat Executive or by allocation of tonnage, and in no other way. We are unable to regard the suggested British interpretation of Paris action as merely guaranteeing Switzerland the right to buy abroad 30,000 tons per month as anything else than an indefensible misconstruction of the clear meaning of Paris action. We made suggestion that 60,000 tons be turned over by Wheat Executive and tonnage sent to Argentine for balance. If fulfillment is deserted by Allies and left to us on the ground that this is purely an agreement between United States and Switzerland, we will be compelled to withdraw this grain from our allocations to Allies and take ships out of Allied service into Swiss-grain trade. Since undertaking must be carried out if Switzerland is not to be driven into arms of Germany, it is important to have Allies fulfill undertaking rather than to have United States fulfill it independently, since Switzerland will regard England and France as having turned back on them and passed responsibility to United States.

POLK

File No. 654.119/110a

*The Acting Secretary of State to the Chargé in Switzerland
(Wilson)*

[Telegram]

WASHINGTON, January 22, 1918, 6 p. m.

1378. For Dresel from War Trade Board:

Your 2387 and 2421.¹ You are authorized to approve policy of Allies to modify Swiss arrangements reducing exportation of cottons and rubber to Central Powers. We construe article 2 as obligating full information upon all points including disclosure of stocks. Subdivision 3 of article 2 in memorandum between the War Trade Board and the Swiss Government in regard to exports, executed in Paris December 5, 1917, contains the following language: "It is especially stipulated that if Switzerland is able to obtain elsewhere supplies of the same goods of American origin, the amounts thus elsewhere obtained shall be subtracted from the quantities set forth in the schedules annexed." The words "of American origin" have no proper place in the agreement and were put in under a misapprehension. The annexed schedules embraced the total Swiss allotment irrespective of where obtained. Please arrange with Swiss and inter-Ally commission for the elimination from the agreement of these three words, "of American origin."

POLK

¹ Not printed.

File No. 654.119/111

The Chargé in Switzerland (Wilson) to the Secretary of State

[Telegram]

BERNE, *January 22, 1918, 8 p. m.*[Received *January 24, 3.55 a. m.*]

2480. Department's 1366, January 19, 4 p. m.¹ Federal Councilor Schulthess requested me to call. Before complying I discussed situation with Levick, agent of British Treasury now here. Was received at Capitol by Schulthess and De Coppet, Chief of Military Department.

Schulthess asked me whether, since America had freely undertaken to deliver 240,000 tons breadstuff, it was the intention our Government that delivery should be used as basis for compelling compensation on the part of Switzerland.

I replied that United States recognized that its word was pledged and was determined to carry out its agreement. I added that under present circumstances it would probably be necessary for the United States to turn to its allies for tonnage and therefore if Switzerland could get into agreement with Allies over shipping it would greatly facilitate determination of United States to carry out its pledge. So long as Switzerland maintained a stiff attitude with Great Britain it would make it difficult for America in spite of best possible good will to fulfil her obligations. I intimated that, having received this pledge of 240,000 tons from United States, Switzerland should feel some obligation to aid United States in fulfilling it. I was careful to point out that if they desired formal answer to their question I must cable Washington, that what I had expressed above was my personal view of situation.

They both stated that they recognized this and it was my personal view they desired and that they would make every effort to reach an agreement with English on the loan.

I took the stand indicated above in regard to the loan in view of Department's instruction 1257, December 21.²

WILSON

File No. 654.119/111

The Secretary of State to the Chargé in Switzerland (Wilson)

[Telegram]

WASHINGTON, *January 30, 1918, 5 p. m.*

1426. Your January 22, 8 p. m. The attitude you adopted in respect of Swiss negotiations with England for tonnage is approved. Under provisional agreement just signed with Holland³ a limited

¹ See footnote 3, *ante*, p. 1596.

² *Foreign Relations*, 1917, Supplement 2, vol. II, p. 1196.

³ See note No. 648, Jan. 25, from the Netherland Minister, *ante*, p. 1392.

amount of shipping will temporarily be made available to transport grain to Switzerland but it is not desired that you relax your efforts to induce Switzerland to meet England's views so as to facilitate procuring ships for Swiss use not only now but in the future.

LANSING

File No. 654.119/119

The Chargé in Switzerland (Wilson) to the Secretary of State

[Telegram]

BERNE, February 4, 1918, 6 p. m.

[Received February 6, 12.43 a. m.]

2575. For War Trade Board:

Your 1378, January 26 [22], 6 p. m. In Dresel's absence inform you that Foreign Office has replied to Legation's memorandum [which] requests elimination of words "of American origin," as indicated your telegram, and adding that Department of Public Economy is quite in accord to suppress the words in question.

WILSON

File No. 654.119/136

The Swiss Minister (Sulzer) to the Secretary of State

WASHINGTON, February 20, 1918.

[Received February 21.]

SIR: I beg leave to call Your Excellency's attention to the acute stage which the bread situation in Switzerland has now reached.

1. Schedule B (Grains) of the trade agreement between the War Trade Board and the Swiss Government, dated December 5, 1917, contains the following stipulations:—

Clause 1. From December 1, 1917, until September 1, 1918, in accordance with the proposal adopted at the recent meeting of the section of revictualling of the inter-Allied conference, Switzerland is to receive a guaranteed allotment of 240,000 tons of cereal breadstuffs ($\frac{3}{4}$ to $\frac{2}{3}$ of which to consist of wheat).

This allotment is, if possible, to be shipped to the port of Cette and to be supplied under the same conditions as the cereal breadstuffs supplied to the Allies. These supplies are to be transported on Allied ships or on ships supplied to Switzerland by the Allies for this purpose, subject to an arrangement made or to be made between the Wheat Executive and the Inter-Allied Chartering Executive. This stipulation is not to be considered as in any way affecting the existing arrangements under which the Swiss Government agrees to charter neutral ships for Swiss service through the intermediary of the Inter-Allied Chartering Executive.

Clause 6. Considering that the existing stocks of cereal breadstuffs in Switzerland will be completely depleted by February of the coming year, considering the time required under present conditions for the transportation of supplies from American ports to Switzerland, a minimum quantity of 30,000 tons of bread grain (to be deducted from the 240,000 guaranteed tons) is to be shipped by the competent organs in the course of the month of December 1917, without prejudice to the origin of these products.

The total of 240,000 tons mentioned in this agreement must be regarded as the minimum allowance of breadstuffs required by Switzerland.

2. In December, 1917, 9,700 tons of breadstuffs were shipped on Spanish steamers chartered by the Swiss Government. These shipments of grain, however, were the balance of allotments agreed upon before the trade agreement went into effect and were not subject to its provisions. The vessels were obliged to wait for weeks (one vessel, indeed, since September 27, 1917) until they were loaded, and were ready to clear only at the end of November. Their departure was again delayed on account of difficulties in obtaining coal.

3. Early in January, upon my representations that clause 6 had not been carried out, the War Trade Board informed me that, in agreement with the Commercial Adviser of the British Embassy, it had cabled to London a proposal that Switzerland be furnished with the first 60,000 tons (allotments for December and January) from the supplies held by the Allies in Europe. For further allotments Switzerland should be granted the necessary tonnage to enable her to procure the cereal breadstuffs in the Argentine, where these would be placed at the disposal of Switzerland by the Inter-Allied Wheat Executive.

4. To-day, on February 20, 1918, the situation is as follows:—

The suggestion of the War Trade Board to the Wheat Executive in London has not been carried out. Switzerland has not received a single ton of grain from the European stocks of the Allies.

Up to the present day not one single ship has been placed at the disposal of Switzerland by the Allies.

The only positive step taken to relieve the situation is that the Wheat Executive in London has authorized the Wheat Export Company in New York to deliver to Switzerland an initial quota of 30,000 tons of breadstuff grains. Of this total, 5,337 tons were shipped in January, and 8,415 tons in February (unfortunately 2,450 tons had to be unloaded on account of damage done to the vessel). It was, however, not by means of Allied tonnage or vessels put at the disposal of Switzerland by the Allies, as had been provided for in the agreement, that these shipments were made, but by Spanish steamers

under Swiss charter which Switzerland had intended to employ in the transportation of other urgently needed commodities.

5. The present prospects for sufficient additional shipments are in the last degree unsatisfactory. Two further vessels under Swiss charter, aggregating 6,400 tons, which arrived on January 30 and February 6, are now lying in New York Harbor in line with other boats and, according to advices from the Wheat Export Company, cannot be loaded for 8-14 days at the very earliest, on account of the delay in receiving supplies from inland. Future shipments are most uncertain. At present there are no other vessels under Swiss charter available, and no decision has as yet been reached with regard to the tonnage to be placed at the disposal of Switzerland by the Allies.

This latter point is one of gravest concern. The conclusion of the American-Dutch negotiations had justified Switzerland in the hope that for her the question of transportation had thereby been definitely settled. As early as January 24, 1918, my Government advised me that, according to information from London, the allotments of Dutch ships had been determined upon and, at the same time, I was instructed to communicate with the competent authorities at Washington in order that the shipments could at once begin. Since this date, twenty-six valuable days have passed without my having been advised of the assignment of even one single vessel or of the conditions under which these vessels would be turned over to Switzerland. According to the latest statements of the War Trade Board, it may be weeks before this matter is definitely determined.

The following summary may indicate to some extent the serious consequences of these continuous delays.

The Swiss grain stocks, including all quantities shipped up to the present time, will be exhausted by the end of March. The immediate supply of sufficient quantities from the United States appears to be impossible in view of the scarcity of supplies from the West. The only help, therefore, which can be expected, is from the Argentine. A period of at least 10-12 weeks must be reckoned upon from the time of the departure of the first Dutch steamer from New York to the Argentine until the time of its arrival with grain at Cette. In addition to this, there must be taken into account the transportation from Cette to Switzerland, frequently exposed to unforeseen obstacles. Assuming that the first steamer should to-day sail for the Argentine, the grain shipped upon it could not possibly arrive in Cette earlier than the beginning of May, and in Switzerland about the middle of that month. Up to this day, however, not one single steamer has sailed, and should a sailing eventually take place, the shipments would only be gradually effected and must of necessity extend over a considerable period of time.

From the above facts, one can easily estimate the delay which must ensue before sufficient supplies of Argentine grains can be expected to arrive in Switzerland.

Taking into account these delays, the amount of tonnage which the War Trade Board proposes to put at the disposal of Switzerland appears to be quite insufficient. I have previously demonstrated that the transportation to Switzerland of the allotted breadstuffs from the Argentine, deducting the 12,000 tons already shipped, will require a tonnage of about 114,000 tons dead weight. This estimate was based upon the assumption that the shipments from the Argentine would begin not later than March 1, but to-day it is clear that this is quite out of the question. Due to the shorter route, were American grain available, these tonnage requirements would be reduced to about 75,000 tons, assuming always an uninterrupted average round trip of two months.

The tonnage however, which it is intended to turn over to Switzerland will aggregate only 50,000 to 60,000 tons. From what quarter the remaining deficiency of the necessary total will be supplied is a question which appears not as yet to have been considered.

6. Twelve thousand tons of breadstuff grains on the ocean, the promised ships as yet unassigned, the future prospect uncertain, leaving but little hope for a thorough and lasting betterment—this is the situation to-day, two and one-half months after the conclusion of the trade agreement, which had engendered in Switzerland a feeling of relief and had inspired the Swiss people, fearful of the future, with new hope that the supply of breadstuffs was secure. The Swiss Government has not failed to use all means in its power to restrict consumption and, by its own exertion, to relieve the situation. It is to-day at the end of its resources. A crisis impends unless assistance can be brought immediately.

The exhaustion of Switzerland's existing food stocks is so close at hand that only some action upon the following lines offers a solution of the present difficulties:

- (1) That the proposal of the War Trade Board that the European stocks of breadstuff grains of the Allies should be opened to Switzerland be carried into effect.

- (2) That the Dutch vessels destined for the use of Switzerland be with the least possible delay loaded with American grain.

- (3) That Switzerland be immediately assigned a sufficient amount of tonnage under Allied control, in order that shipments of Argentine grain may at once commence from ports of the latter country (either vessels now *en route* or actually lying in the waters of the La Plata).

The Swiss Government has not abandoned the hope that in the combined efforts of the Governments of the United States and of

the Allies, Switzerland will find the help so sorely needed. Switzerland cannot believe that the United States and the Allied Governments will suffer her to be involved in a crisis, the consequences of which one hesitates to contemplate.

Accept [etc.]

HANS SULZER

File No. 654.119/138a

The Secretary of State to the Chargé in Switzerland (Wilson)

[Telegram]

WASHINGTON, March 1, 1918, 8 p. m.

1554. The problem of securing for Switzerland the grain cereals promised by the agreement of December 5 is receiving energetic and constant attention. The difficulties in the way are almost insuperable but there is full realization of the obligation of the United States in this regard and this obligation will be performed even though it becomes necessary to deprive the Allies and ourselves of foodstuffs which are imperatively required. The Secretary of State, McCormick, and Hoover are giving this matter their personal attention.

The problem of securing ships for this purpose has unexpectedly become embarrassed by the apparent unwillingness of the Dutch to live up to the terms of the temporary shipping agreement recently entered into which provided that 150,000 tons of Dutch shipping should be utilized for Belgian and Swiss relief at the discretion of the United States. As a result of most earnest representations, however, three Dutch ships have just been chartered for voyage to Cette, but necessity for repairs and dry docking will prevent their sailing for a few days. Plans for securing foodstuffs outside United States are being favorably developed.

The foregoing is primarily for your personal information but you may, if you see fit, informally advise the Swiss Government that you are informed that efforts as above indicated are being made by the Government of the United States.

LANSING

File No. 862.6131/14

The Chargé in Switzerland (Wilson) to the Secretary of State

[Telegram]

BERNE, March 3, 1918, 10 a. m.

[Received March 4, 9.12 a. m.]

2765. French military attaché informs me that under Helfferich's leadership Germans have founded a provisioning bureau in Constantinople which is organizing purchase of wheat and other grain in Ukraine which is routed to Odessa and Crimean ports. All barges obtainable, even in Holland, have been bought to carry grain up the Danube.

Bureau has representative in Berne and has offered grain to Switzerland in return for her economic independence. Meeting of Federal Council held last night to consider sending Swiss representative to Ukraine. Decision not known.

WILSON

File No. 654.119/139

The Chargé in Switzerland (Wilson) to the Secretary of State

[Telegram]

BERNE, March 4, 1918, 1 p. m.

[Received March 6, 2.03 a. m.]

2768. I considered it highly advantageous and urgent in view of my 2765 that the information contained in your 1554 be imparted to the President of the Republic; therefore, acting on discretion allowed me, I imparted to him unofficially on the 3d instant certain portions this telegram. He desired me to assure you that he was touched and thoroughly recognized America's noble attitude in this matter.

WILSON

File No. 654.119/157a

*The Acting Secretary of State to the Minister in Switzerland (Stovall)*¹

[Telegram]

WASHINGTON, March 12, 1918, 6 p. m.

1604. For the purpose of obtaining greater tonnage to facilitate the movement of the wheat crop from South America and thus hasten the relief in wheat promised to Switzerland, War Trade Board has placed a temporary prohibition upon the importation of corn from overseas.

POLK

File No. 654.119/154

The Minister in Switzerland (Stovall) to the Secretary of State

[Telegram]

BERNE, March 15, 1918, 9 a. m.

[Received March 16, 5.15 p. m.]

2851. Zurich paper today contains interview with Turkish Minister at Berne. He promises Switzerland that Turkey will open Dardanelles for wheat shipments destined from Odessa to Switzerland. Before the war Switzerland's main wheat supply was obtained from Odessa. Heavy demands made upon United States since the war are due to fact that this source of supply [has until] recently

¹ The same, on the same date, to the Ambassador in Argentina (No. 536) and the Minister in Venezuela (No. 636).

been closed to Switzerland. In this connection prompt action of United States to retrieve Swiss cereal situation vitally important and worth all the propaganda which we can throw into Switzerland at this time.

Recent action of Wheat Executive in London liable to delay shipments of wheat to Switzerland for a long time.

I have communicated substance of your 1604, March 12, to Swiss Government, which welcomes it with satisfaction.

STOVALL

File No. 654.119/163

The Minister in Switzerland (Stovall) to the Secretary of State

[Telegram]

BERNE, March 24, 1918, noon.

[Received March 25, 10.45 p. m.]

2929. For War Trade Board [from Dresel]:

Negotiations based on note summarized Legation's 2387, January 11, and 2421, January 16,¹ now approaching completion and believe that satisfactory results attainable. Chief source of disagreement has been revision of the article 10(c), 6,² relating to cotton tissues, as to which total suppression of exports was originally demanded by Allied delegates. Swiss delegates protested strenuously against this, alleging as certain the adoption of retaliation measures of a serious nature by Germany. Finally, consent provisionally given to annual ration of 500 tons for cotton tissues, less than 6 kilograms per hundred square meters, of specific resistance less than 7.5, and of which value has been increased by high finish 50 per cent over unbleached state. Categories A and B mentioned in agreement of March 20, 1917, thus canceled. Under (c), 4,² embroideries, a ration of 1,000 tons to be granted and classes of permissible considerably limited by samples to be deposited at St.-Gall. In addition certain articles of which amount exported has been insignificant such as handkerchiefs and embroidered collars excluded from restrictions. To cover orders placed before February 4 on which work begun before February 15, additional ration of 300 [tons] of embroideries and 250 tons of tissues allowed. Under (c), 9,² knitted goods, a ration of 200 tons allowed in accordance with samples to be deposited. Export of elastic tissues under article [10](c), 10,² to be suppressed. Amount of goods sent via Vorarlberg route for finishing in Austria to be reduced from 600 to 250 tons.

¹ Neither printed.

² Of the by-laws of the Société Suisse de Surveillance Economique; see schedule F of the agreement of Dec. 5, 1917, *Foreign Relations*, 1917, Supplement 2, vol. II, pp. 1185-1196.

New rationing arrangements to come into force April 1 provided that Allied Governments raise embargo on cotton imports into Switzerland which action recommended by British, French and Italian delegates.

Allied delegates consider frontier control on cotton exports excellent and only minor changes.

In a memorandum of March 19 Swiss delegates request specific statement that United States will inform Swiss Government of quantities and qualities of articles for which American market could be provided, especially cotton and silk tissues, knitted goods and narrow elastic tissues, for all of which United States is asked to furnish raw materials and any special products necessary for these manufactures where peculiar character of orders renders it impossible to obtain such products elsewhere. I shall appreciate instructions as to what assurances may be given in this connection but consider explicit and binding undertaking on subject inadvisable.

Only matters still to be taken up are: (1) agreement on samples—as to this no serious difficulties anticipated; (2) accumulation of stocks, as to which considerable discussion has taken place already. Swiss delegates show disposition to concede essential points relating this last subject and failure to agree, which seemed unlikely, could be followed by further reduction of export rations of raw materials.

In accordance with all Allied delegates I advise adoption of agreement based on foregoing statement believing that any serious risk of furnishing cotton and rubber of appreciable military value by Switzerland to Germany will thereby be eliminated and I shall be very glad to receive approval at earliest possible moment. Dresel.

STOVALL

File No. 654.119/169a

The Secretary of State to the Minister in Switzerland (Stovall)

[Telegram]

WASHINGTON, March 26, 1918, 7 p. m.

1677. The Government of the United States for the purpose of assisting to meet the existing difficult food situation of the Swiss people proposes at once to make available for a voyage to Cette for Swiss relief 64,000 tons of shipping provided satisfactory safe conduct from the German Government can be secured by Switzerland.

This action is taken despite the urgent need of utilizing all available tonnage in purely national service.

You will please inform the Foreign Office of the foregoing and you may make any other utilization of this information which you feel desirable.

LANSING

File No. 654.119/163

The Secretary of State to the Minister in Switzerland (Stovall)

[Telegram]

WASHINGTON, April 1, 1918, 7 p. m.

1709. For Dresel [from War Trade Board]:

No. 1. Legation's 2929, March 24. Board approves the new agreement on exportation of cotton. It should be stated, however, that we have no embargo on cotton into Switzerland but must adhere to the ration figure of our agreement. Concerning possibility of affording market here for cotton goods, etc., our reply will follow later.

Beginning now Board will number serially all cables for you and it is suggested you do likewise.

LANSING

File No. 654.119/174

The Minister in Switzerland (Stovall) to the Secretary of State

[Telegram]

BERNE, April 6, 1918, 4 p. m.

[Received April 8, 8.44 a. m.]

3023. The question of feeding Switzerland is rapidly assuming international importance. This is something more than a Swiss question. The best informed Swedes in Geneva, according to Doctor Herron, state that the refusal of Germany to guarantee safe conduct to ships with food would be an unfriendly act. The Swiss do not relish the idea of entire dependence upon Germany or being forced to accept food from the Central Powers. They do not wish to eat out of Germany's hand but the fear of Germany is intense.

Swiss papers are warned to comment with care upon the situation. In semi-official *communiqué* the Swiss Government says it had never assumed that Germany has refused safe conduct to ships bringing food for Switzerland or that the recent sinking of the Spanish ship *Sardinero* can be accepted as an act of hostility. Switzerland prefers to wait until that affair is cleared up.

Any German offer of a compromise to allow wheat to cross the ocean providing it is transported under neutral flag would be viewed with suspicion in some quarters as a German promise likely to be broken. The Swiss papers persistently print reports that the United States may ship wheat from France to Switzerland, later replace these stocks in France.

Doctor Herron and his Geneva advisers suggest that the United States might as a last resort offer to convoy at least one passage across the Atlantic. The moral effect they say would be instantaneous and the strategic advantage fine. Anti-German feeling in Switzerland

is marked but the Swiss fear tremendous economic offensive beginning with the refusal to allow American food to reach this country. Doctor Herron's full report on economic situation sent by mail.¹

STOVALL

File No. 654.119/231a

The Secretary of State to the Minister in Switzerland (Stovall)

[Telegram]

WASHINGTON, April 9, 1918, 6 p. m.

1740. Your No. 3012, April 5, 6 p. m.¹ Prior to requisitioning of Netherland ships, three of these ships aggregating approximately 17,000 tons had been chartered for Swiss relief. Requisitioning operated to cancel these charters but as set out in Department 1677, March 26, 7 p. m., we at once offered to Switzerland these same three ships for a round trip and approximately 50,000 tons in addition for regular service until the termination of the agreement of December 5, in event safe conduct should be secured from German Government. Swiss Minister has informed us that it has as yet been impossible to secure such safe conduct and he indicates little hope that this can be obtained.

We have accordingly been giving very careful consideration to other possible ways of transporting grain to Switzerland and in this connection have considered possibility of arranging with Netherland Government that certain requisitioned ships should remain under Dutch flag and be put into service of Swiss relief. We have, however, concluded that this procedure is impracticable; first, because the present temper of Holland is such that we cannot expect her to negotiate with us relative to requisitioned ships or to take any action which might imply recognition of or acquiescence in requisition; secondly, because if ships were sent out under Dutch flag and Dutch officers and crew no satisfactory assurance could be obtained that these vessels would return, and finally there would be doubt whether Germany would grant safe conduct for these vessels, knowing that if granted immunity they would ultimately be put into use of Associated Governments.

Our present plan is to send 17,000 tons of wheat to France in armed vessels and without German safe conduct, this wheat or an equivalent amount from French stocks to be delivered to Switzerland. We recognize that this is but a temporary expedient and we are considering other methods of relieving the situation. We feel it most important, however, that Switzerland be not permitted to relax her efforts to secure safe conducts from Germany.

LANSING

¹ Not printed.

File No. 654.119/238a

The Secretary of State to the Ambassador in France (Sharp)

* [Telegram]

WASHINGTON, April 11, 1918.

3515. For McFadden [from War Trade Board]:

No. 29. We have cabled Dresel our opinion that negotiations with Switzerland for lumber and other commodities should be conducted at Berne rather than at Paris. Will you please be guided accordingly.

Dresel suggests that inter-Ally commission on lumber should go from Paris to Berne and should include American representative. We approve of this suggestion.

LANSING

File No. 654.119/184

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, April 12, 1918, 10 p. m.

[Received April 13, 6 a. m.]

3593. War Trade Board [from McFadden]:

No. 37. We entirely agree with you regarding holding conference at Berne, and have persistently urged advantages of same to French who have constantly objected. However, they have finally agreed today, and will start conference 22d April at Berne, and have so cabled their Ambassador. French will be represented by Ambassador and Minister of Blockade, and A[merican] E[xpeditionary] F[orces] by two authorized representatives. Conference will be primarily to negotiate [wood] and barrack agreement, and efforts also will be made to settle all other questions, such as milk, refrigerator cars, black list, placing orders for cotton goods for A.E.F., etc. We further hope to make arrangement between Italians and Swiss, whereby 50,000 bales raw cotton, held by Italians for two years in Italy, will be released, title for same being in black-list name of Kuntze of Zurich, and then have same gradually forwarded by Italians to Swiss for distribution by S[ociété] S[uisse de] S[urveillance Economique], with the condition that the cotton so shipped shall apply against this year's cotton ration. We are endeavoring to ascertain approximate amount money required in Switzerland during next six months to pay for A.E.F. purchases, which points to not less than 50,000,000 Swiss francs, possibly much more. French Blockade Minister, A.E.F., and Dresel request me to attend conference; however, do not think same necessary except as matter of policy on account of my activities, and request of French. Answer, repeating cable to Dresel, Crosby. McFadden.

SHARP

File No. 654.119/189

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, April 19, 1918, noon.

[Received 8.18 p. m.]

3660. War Trade Board [from McFadden]:

No. 41. Your No. 27.¹ It has now been established that the Swiss export of untanned leather to Germany was accidental. Exports of leather may therefore be resumed. In our opinion, however, this case illustrates importance of United States acting in concert with other Governments represented on Contingent Commission. Experience of Contingent Commission with Swiss has shown most effective way to secure compliance with requests to cease exporting goods to enemy is to stop export of corresponding raw materials to Switzerland. In this case regular procedure was followed and formal request was first made to the Swiss Government for explanation of exports of untanned leather to Germany. Pending satisfactory answer and assurance for future all Governments represented on Contingent Commission were requested to withhold leather exports. For United States to have continued licensing under such circumstances would obviously weaken the authority of the commission; therefore, as corresponding questions likely to occasionally arise, we think it most important that you shall follow recommendation of committee. McFadden.

SHARP

File No. 654.119/198

The Swiss Minister (Sulzer) to the Secretary of State

WASHINGTON, April 24, 1918.

SIR: I have the honor to inform Your Excellency that I am in receipt of a cablegram from my Government according to which the German Government has declared its willingness to grant safe conducts to the port of Certe for vessels under enemy flag, engaged in the transportation of supplies to Switzerland, under the following conditions.

These vessels shall, until further notice, carry wheat, rye, corn, barley, flour, oats, oil cakes, and rice only. The sides of the steamers must bear the inscription "SCHWEIZ", painted as large as possible, on black ground and visible at a long distance. Moreover, the coat-of-arms of Switzerland must likewise be painted as large as possible on both sides of the stern of the vessels as an insignia of neutrality. These signs are to be illuminated at night. The vessels must at all

¹ Not printed.

times fly on their foremasts the Swiss flag, of as large a size as possible, and which would probably best answer the purpose if made of sheet-metal. They must travel outside of the blockade zone, must be unarmed, and show at night the lights prescribed by the international maritime laws, or otherwise prescribed. They shall not call at any port except Cette, and are to comply with all orders to stop and to be examined. Each vessel must carry a manifest written in German, containing an accurate list of the goods shipped, so as to correspond with the bills of lading.

It is required that this Legation deliver to the captain of each vessel a certificate of safe conduct, showing that it has been issued on the basis of an agreement made between the Governments of Switzerland and Germany, and showing moreover the name of the vessel and of its master, its signal, home port, port of departure and port of destination, as well as a brief description concerning the nature of the cargo, stating that the cargo is intended exclusively for Switzerland and that it corresponds exactly with the ship's documents.

I should be obliged to Your Excellency for advising me as early as possible whether the above-mentioned conditions are acceptable to the Government of the United States.

Accept [etc.]

HANS SULZER

File No. 654.119/189

The Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, April 25, 1918, 7 p. m.

3710. For McFadden [from War Trade Board]:

No. 49. Embassy's 3660, April 19, noon. Your 41. We will act in concert with other Governments represented on Contingent Commission and will adopt the plan suggested in your cable by virtue of which we will hereafter, in all cases where it appears that unauthorized exports from Switzerland to Central Powers have taken place, withhold exports of corresponding raw materials to Switzerland until receipt from Swiss Government of satisfactory explanation and of an assurance for the future.

LANSING

File No. 654.119/198

The Acting Secretary of State to the Swiss Minister (Sulzer)

WASHINGTON, April 26, 1918.

SIR: I have the honor to acknowledge the receipt of your note of April 24 in which you enumerate the terms under which the Imperial German Government will grant safe conduct to vessels engaged in the transportation of supplies to Switzerland.

In reply I have the honor to inform you that the terms for the granting of the safe conduct are acceptable to this Government, provided the United States Government receives through you definite assurances that all submarine commanders have received the necessary instructions from the Imperial German Government guaranteeing safe conduct to these vessels before such vessels sail for Cette. An exception, however, must be made in respect to the former Dutch vessels *Bellatrix*, *Alcor*, and *Merak* which, according to a decision already reached, will proceed under proper convoy to an Atlantic port in France there to deliver their cargoes.

In spite of this decision, the Government of the United States will allow one of these vessels to proceed to Cette under the terms of safe conduct described in your note, provided the assurances mentioned above are received by this Government before this vessel sails.

Accept [etc.]

FRANK L. POLK

File No. 654.119/217

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, April 30, 1918, 6 p. m.

[Received May 1, 12.54 a. m.]

3760. War Trade Board [from McFadden]:

No. 65. The conferences in Berne were exceedingly interesting as the Germans were negotiating at the same time as the Associated Governments, we being in conference at one end and Germans at the other end of the Palais Fédéral. Germans and Swiss have now been in continuous conference for five weeks without any apparent progress being made in the negotiations. Germans throughout have pursued an arrogant policy, threatening in case Swiss decline to agree to their proposals to cut off the entire coal supply to Switzerland in consequence of which a very strongly antagonistic feeling has been created throughout German, Italian, and French Switzerland against Germany and we think the Swiss now fully realize that, in the event of a German victory, economic and political liberty of Switzerland would be threatened. We think the German arrogance in negotiations assisted us in our negotiations as we pursued diametrically the reverse policy, that is, one of reciprocal and mutual assistance and friendship which the Swiss apparently appreciated.

The conditions under dispute between Germany and Swiss relative to coal agreement are as follows: (1) Germany proposes advancing price of coal 100 per cent; (2) Germany demands satisfactory guarantees that no coal shall be furnished to any industries working on contracts for Associated Governments. The latter condition is bitterly resisted and opposed by Swiss and will probably

not be accepted unless absolutely necessary by Swiss. The French Ambassador, without previous discussion or consultation with us, informed Schulthess, ex-President of Swiss, that, in the event of Swiss agreeing to latter condition, then Associated Governments would be compelled to reduce not only the wheat quota to Switzerland but would insist that no wheat be given to any national employed by any industries occupied in contracts for the Central Powers. We regret the unofficial statement of the French Ambassador for [the following] reasons:

(1) We had, throughout the discussions, preached spirit of friendship. We feel confident from the remarks of Schulthess to writer that French Ambassador's statement was resented.

(2) Our impression is that, unless absolutely necessary, it is a mistake to compete with the Germans at their own game of reprisals.

(3) We feel that the German proposals together with their method of presenting same have created a spirit of friendship generally throughout Switzerland towards the Associated Governments and therefore we fear, if we should pursue policy corresponding to that of the Germans, that then not only would cause of Associates be harmed in Switzerland, but also the effect of German policy upon Swiss would be greatly modified.

The above is my personal impression of situation. McFadden.

SHARP

Agreement between the Associated Powers and Switzerland Concerning the Export of Wood to France and Italy, May 1; Supplementary Protocol on Other Subjects—Announcement by the United States, May 3, of Shipments of Grain under Naval Convoy—Agreement Regarding Swiss Exports of Cotton Goods to Germany, May 8—Efforts of Switzerland to Obtain German and Austrian Ships: Attitude of the United States, France, and Great Britain

File No. 654.119/279

*Agreement between the Associated Powers and Switzerland
Regarding Export of Wood*¹

[Translation]

ARTICLE 1. During the period extending from May 1, 1918, to December 31, 1918, the Federal Government undertakes to insure the exportation to France or to Italy of a total quantity of—

- (a) 120,000 tons, that is about 15,000 tons per month, of sawed wood, joists, blocks, boards, etc., and this according to the percentage and prices specified in the list attached to the present agreement;²

¹ The signed original in French was forwarded by the Minister in Switzerland as enclosure to his despatch No. 3000, May 3, received May 24 (File No. 654.119/279). The translation is from War Trade Board files: Switzerland, Supplementary Negotiations, vol. I. All the terms of the agreement had been reported in telegrams (File Nos. 654.119/203, 205, 224).

² Not printed.

- (b) 60,000 tons of cabinet wood, worked wood, huts, boxes, wood for boxes, oak, ash, beech wood, etc., goods and essences not specified in the list of prices attached to the present agreement; for these goods, conditions and prices shall be fixed by mutual agreement.

All the goods shall be divided among France, Italy, the United States and Great Britain according to *pro rata* determined by the delegates of the four Governments acting in mutual agreement, and delivered to these latter.

ART. 2. The Federal Government shall each month issue the export licenses to the Federations concerned, i. e., for sawed wood—

To the Swiss Cooperative Society for the cutting and exporting of wood at Berne, for the cantons of German Switzerland, including the Canton of Tessin, and to the Federation of Sawmills of French-Speaking Switzerland for the cantons of French-speaking Switzerland.

For huts:

To the Swiss Society of Promoters, to the Swiss Federation of Master Cabinet Makers of Berne, including the Federation of Master Cabinet Makers of Lausanne.

The list of these export licenses shall be sent directly by the Federal Government to the delegates specified in article 1.

The Federal Department of Public Economy reserves the right to determine the zones of activity of each of these federations and, as far as possible, according to the proportion of products supplied up to this time.

(a) They shall deliver within the limits of the quota (article 1) the amounts of wood agreed upon.

(b) They shall see that contracts made are strictly observed.

(c) They shall take charge of all direct and indirect taxes which the Federal Government or the Federations levy or shall levy on the wood bought by the Allies during the time of the present agreement.

(d) They shall distribute the orders from the Allies among their members according to the list prescribed by the Federal Department of Public Economy.

(e) They shall deliver export licenses only for those articles which are ready for shipment.

(f) They shall give each month to the representatives of the Allies in Switzerland through the medium of the Federal Department of Public Economy the list of the qualities and dimensions of the wood ready for shipment during the following months in accordance with the order list transmitted the preceding month.

ART. 3. The Allied Governments undertake to accept within the limits of the quota the amounts of wood agreed upon and at the

prices fixed. They will give in time the list of orders to be delivered each month.

ART. 4. The prices and conditions upon which the federations named above undertake to deliver the wood mentioned in article 1, to the Allies and which are accepted by these latter are specified in detail on a special list attached to the present agreement.¹

ART. 5. The guarantee of delivery of the quantities stipulated is subject to the possible transportation. The quantities which can not be delivered on this account shall be carried over to the quota of the following month or months until the delivery of the complete amount detail on a special list attached to the present agreement.¹

ART. 6. The Allied Governments undertake to grant export licenses for the saw-blades necessary for the Swiss lumber industry.

ART. 7. Switzerland reserves the right, however, if the higher interests of the country demand it, to restrict the quantities fixed above, in consideration of previous notice of one month.

ART. 8. Contracts made previous to the date of the present agreement between French buyers on the one hand and Swiss lumbermen or federations of Swiss lumbermen on the other hand, are maintained.

As a compromise these contracts shall be liquidated by a total delivery of 30,000 tons made at the prices and under the conditions stipulated in the list attached to the present agreement.

The quantities specified in the original contracts shall be proportionally reduced so as to form as a whole the total of 30,000 tons previously specified. These quantities shall be delivered within a term of eight months (3,750 tons per month) according to conditions fixed by the competent French authorities.

The Federation shall insure the delivery of these 30,000 tons on the basis of the contracts above referred to as to dimensions and quality.

The Federal Government undertakes to grant monthly to the Federations the export licenses necessary for the delivery of the said merchandise in conformity with the import licenses issued by the French Government.

This forfeit quantity of 30,000 tons is to be considered as an increase of the quantities provided for in article 1.

The receipt and the payment of the goods above specified shall be insured by the efforts of the qualified representative of the French Government in whose name shall be made out the bills which shall be sent through the Federations.

The prices relating to the special woods shall be increased in the same proportions as the woods shown in the attached list.

¹ Not printed.

ART. 9. It is understood that the amounts of wood purchased and paid for by Italy by virtue of contracts previous to the agreement of August 30, 1917 (12,000 tons stored at Frutigen and Castione), are not included in those specified in article 1 of the present agreement. The Federal Government undertakes to issue the export licenses permitting the successive shipments of the said quantities during the time that the present agreement is in force.

ART. 10. The agreement of May 8, 1915, between Italy and Switzerland remains in force entirely. The quotas provided for in the agreement of May 8, 1915, are assigned—

(a) To the purchases of the Italian Government from Swiss private commerce at the prices and conditions of the present agreement,

(b) To the total liquidation of contracts previous to the present agreement. This liquidation must be finished by December 31, 1918.

ART. 11. The Federal Department of Public Economy shall require of the Federations, after investigation, the exclusion from the list of merchants of those of its members whose deliveries shall give grounds for complaint to the Allied Governments.

ART. 12. The delegates of the contracting Governments shall meet about November 15, 1918, to discuss the advisability of a new agreement regarding wood.

[List of prices omitted.]

Done at Berne in five original copies.

Signed by the representative of each of the contracting Governments, subject to ratification.

BERNE, May 1, 1918.

For the United States:

ELLIS LORING DRESEL

Delegate of the War Trade Board

For France:

S. DUTASTA

V. DE LACROIX

R. PIATON

For Great Britain:

HORACE RUMBOLD

R. L. CRAIGIE

For Italy:

DELL' ABBADESSA

Col. A. BOSSI

For Switzerland:

SCHULTHESS

GROBET ROUSSY

A. CAILLER

HEER

File No. 654.119/279

*Supplementary Protocol to Agreement of May 1, 1918, between the Associated Powers and Switzerland*¹

[Translation]

Present:

Mr. Ellis Loring Dresel, Delegate of the War Trade Board of the United States of America

Messrs. S. E. M. Dutasta, Ambassador of the French Republic
Victor de Lacroix, Secretary of the Embassy
Captain Piaton, Commercial Delegate

Messrs. Sir Horace Rumbold, Minister of His Britannic Majesty
R. L. Craigie, Secretary of the British Legation

Commander dell' Abbadessa, Vice Director General of Italian Customs

Messrs. Schulthess, Federal Councilor	} Delegates of the Swiss Government
Grobet Roussy, National Councilor	
A. Cailler, National Councilor	
Henry Heer	

The meeting was called to order at 5 o'clock, Federal Councilor Schulthess in chair.

Upon signing the agreement regarding wood, the Swiss delegates make the following statements which form an integral part of the present agreement:

1. This agreement is signed with the reservation that Switzerland resumes its entire liberty concerning the export of the products specified in the agreement of May 12, 1917.²

2. On the other hand Switzerland declares herself ready to deliver to the contracting countries an amount of milk products, based on the liter of whole milk, according to the attached table,³ equal to 50 per cent of that which shall be exported, not including the delivery of fresh milk in the frontier zones as heretofore. It is agreed that exports to the Entente countries shall consist of condensed milk. This provision shall be in force so long as the present agreement shall last.

3. The Allied delegates take note of the present statements with which they declare themselves to be in agreement, and undertake to recommend to their Governments that exceptions be made to the prohibitions provided for in the minutes of May 12, 1917, concerning the revision of quotas,³ and table E of the agreement of December 5,

¹ See footnote 1, *ante*, p. 1613. The supplementary protocol was embodied in the minutes of the closing session of the conferences between the representatives of the Associated Governments and Switzerland.

² *Foreign Relations*, 1917, Supplement 2, vol. II, p. 1161.

³ Not printed.

1917, with the United States of America,¹ regarding the exports of hides and leather.

4. The Swiss delegates have stated that the Government of the United States has permitted the export to Switzerland of 12,500 tons of edible fats and oils. Under these circumstances the delegates would agree to recommend to their Governments the facilitation of the delivery of these products in Switzerland as soon as possible, authorizing this importation by imputing the respective amounts to quotas 76, 77, 107, and 108, taken as a whole.

The Allied delegates recognize that the importation of oil cake into Switzerland is of the greatest importance for feeding the cattle and dairy production, in the name of their Governments they undertake to facilitate as far as possible and within the limit of the quotas, its export to Switzerland, this exportation being intimately connected with the possibility of exporting dairy products from Switzerland.

Done at Berne, in five original copies, signed by the representatives of each of the contracting Governments.

BERNE, May 1, 1918.

For the United States:

ELLIS LORING DRESEL
Delegate of the War Trade Board

For France:

S. DUTASTA
V. DE LACROIX
R. PIATON

For Great Britain:

HORACE RUMBOLD
R. L. CRAIGIE

For Italy:

DELL' ABBADESSA

For Switzerland:

SCHULTHESS
GROBET ROUSSY
A. CAILLER
HEER

File No. 654.119/221

The Minister in Switzerland (Stovall) to the Secretary of State

[Telegram]

BERNE, April 30, 1918, 1 p. m.

[Received May 1, 10.42 p. m.]

3210. For War Trade Board:

No. 18. I am informed by men from Switzerland that Swiss Minister, Washington, has telegraphed stating that no wheat ships for Switzerland can leave United States for next three months.

¹ *Foreign Relations*, 1917, Supplement 2, vol. II, pp. 1185-1196.

This is having very bad effect in Government circles and may threaten success of pending commercial negotiations which were believed to be completed. The situation with regard to food is undoubtedly serious and the Swiss fear a catastrophe. In especial view of this anxiety and of German threats to restrict and condition coal exports, I must emphasize most strongly the necessity of giving immediate [omission] and assurances including, if possible, denial of statement above. This will, at least some extent, relieve the tension. If such assurances can be followed by prompt expedition of wheat ships, even at the cost of real sacrifices in other directions, political and moral effect here would be almost incalculable. In my opinion the critical moment for decisive action has arrived. Dresel.

I fully concur opinions above expressed and consider it urgent that some statement be made by Government immediately as labor troubles are anticipated in early days of May and publication of reported Sulzer message might precipitate difficulties.

STOVALL

File No. 654.119/221

The Acting Secretary of State to the Minister in Switzerland
(Stovall)

[Telegram]

WASHINGTON, May 3, 1918, 6 p. m.

1846. Legation 3210, April 30, 1 p. m., Dresel No. 18. It is not the fact that no wheat ships for Switzerland will leave the United States for the next three months. It is the fact that Germany has semi-officially announced (and this announcement has been confirmed verbally to Department by Swiss Minister) that her proffered safe conduct for United States ships *en route* to Cette for Swiss relief cannot be effective for three months, since it will take this period to modify the existing orders to submarine commanders under which American ships carrying wheat to Cette for Swiss relief are to be torpedoed. This means in so far as American ships are concerned that Germany is still maintaining an armed blockade of Switzerland and that the American wheat on American ships heretofore tendered to Switzerland cannot go forward unless these ships are prepared to fight their way through the blockade which Germany has created and which even closes the supposed free passage to the port of Cette. This challenge the Government of the United States is prepared to meet. Two ships under American flag loaded with grain for Switzerland are now *en route* to a French Atlantic port escorted by units of the United States Navy.

In addition to such measure of relief as can be afforded to the Swiss by the United States diverting its naval forces to insure by force of arms the receipt of grain by Switzerland, there still exists

the possibility of receiving supplies on neutral ships although this possibility has greatly diminished since the sinking by a German submarine of the Spanish steamer *Sardinero*, outside of the war zone limits, when engaged in carrying wheat for Swiss relief.

The measures heretofore taken by the United States should, however, be a sufficient earnest of the intention of the United States to insure delivery of wheat for Switzerland, and it should be borne in mind that the extraordinary efforts which the United States has made and will continue to make, will result in still further diminishing of supply of wheat for our own people, when exports already made to cobelligerents and to neutral countries have reduced domestic supplies to a point where the average per capita consumption of wheat in the United States is substantially below the per capita consumption of wheat in Switzerland.

You are authorized to give publicity to the foregoing statement if you see fit, making any change in the verbiage which seems to you desirable.

PHILLIPS

File No. 654,119/239

The Minister in Switzerland (Stovall) to the Secretary of State

[Telegram]

BERNE, May 7, 1918, 2 p. m.

[Received May 9, 3.35 a. m.]

3273. Desire to express great appreciation your 1846, May 3, 6 p. m. Cables of this sort will enable us to exert important influence on Swiss opinion. I not only issued a *communiqué* based on your cable, but also presented memorandum embodying paraphrase of this telegram successively to President Calonder, Schulthess, and De Coppet of Federal Council. President stated he was deeply touched by this new evidence of America's good will of which he had never been in doubt. He added that America was only country on which Swiss could rely at the present time and that without America they would be lost.

All three above mentioned felt that in accordance with German declarations of which Sulzer has informed Department, risk to food supply vessels for Switzerland was theoretical rather than actual and will diminish with each week. They urge vessels available be loaded with wheat and despatched as soon as possible.

French Chargé d'Affaires informs me, and I subsequently discussed subject with President, that French Government has agreed to furnish for Swiss consumption 85,000 tons of coal monthly beginning immediately, Switzerland to find transportation. President stated and Schulthess, when questioned point blank, agreed, that French proposal would enable Switzerland to offer vigorous resistance to

German pressure. Calonder added that situation was greatly relieved.

STOVALL

File No. 654.119/218

The Secretary of State to the Minister in Switzerland (Stovall)

[Telegram]

WASHINGTON, May 10, 1918, 7 p. m.

1888. For Dresel [from War Trade Board]:

No. 18. Legation's 3244, May 5, 11 a. m. [3224, May 2, 3 p. m.], your 21.¹ Lumber agreement and your signature thereto is approved. We will take under consideration three suggestions recited.

We have had surplus pork products during past two months, which surplus has now disappeared. The Food Administration may therefore not be able to permit the purchase of the total quantity of fats licensed. On account of great demand for steel and other products, you should particularly advise us of any Swiss applications for articles from United States which are for Allied purposes in Switzerland. What are proposed limitation of imports of American, Egyptian, and Indian cotton and what are limitations of exports under the new agreement?

LANSING

File No. 654.119/242

The Minister in Switzerland (Stovall) to the Secretary of State

[Telegram]

BERNE, May 9, 1918, 4 p. m.

[Received May 11, 1.45 a. m.]

3313. For War Trade Board [from Dresel]:

No. 27. My No. 16, April 28.² New cotton agreement was signed May 8 without change from terms stated. Letter stating no American cotton will be exported any form to Central Powers will be delivered immediately. Dresel.

STOVALL

File No. 654.119/250

The Minister in Switzerland (Stovall) to the Secretary of State

[Telegram]

BERNE, May 12, 1918.

[Received May 14, 3.24 a. m.]

3344. Following is a summary of *communiqué* issued by German Legation 10th instant replying to Legation's *communiqué* concerning wheat shipments:

¹Not printed.

²Not printed; the principal terms of the cotton agreement as signed are given in the Minister's telegram No. 2929, Mar. 24, *ante*, p. 1605.

American *communiqué* indicates refusal of United States to facilitate provisioning of Switzerland. Germany issued immediate orders to naval forces to respect safe conducts, therefore the American statement that Germany blockades Switzerland for three months falsifies sense and meaning of German-Swiss agreement. America refuses to adhere to facilities of transport consented to by Germany and exposes transport of wheat to danger without any reason; briefly, America does not wish to supply Switzerland.

German *communiqué* was very long and received scant attention in Swiss press. *Journal de Genève* says: "German [omission] will not alter gratitude of Swiss people toward American Government." *Gazette de Lausanne* points out that German Legation seems to forget it is addressing a people endowed with some intelligence. *Berner Bund* believes in sincerity and good will of American Government but feels submarine danger after German-Swiss agreement reduced to negligible minimum.

STOVALL

File No. 854.85/4

The Secretary of State to the Swiss Minister (Sulzer)

No. 214

WASHINGTON, May 15, 1918.

SIR: In your note addressed to me dated May 8, 1918,¹ you refer to a plan for the purchase or charter by your Government of German or Austrian vessels lying in Spanish waters. You state that negotiations for such purchase, which had heretofore been temporarily abandoned, have now been resumed, and you request the adherence of the United States Government to the following proposition:

First: That the United States Government agree that the owners of the vessels in question may reserve the right to re-acquire the vessels after the conclusion of peace.

Second: That the United States Government will neither seize nor commandeer these vessels during the duration of the war and agrees to these vessels returning from Cette in ballast. You request, in brief, assurances that these vessels will be left entirely at the disposal of Switzerland and will be rendered all possible assistance to facilitate their operation.

In reply I have the honor to assure you that the Government of the United States, which has already striven at great sacrifice to itself to ensure the receipt by Switzerland of commodities important for the maintenance of the economic life of that country, gladly gives its approval in principle to the project which you outline in your note and to the two points specifically set forth above subject, how-

¹ Not printed.

ever, to the details of any agreement that may hereafter be entered into by your Government with reference to these boats being approved by this Government.

Accept [etc.]

ROBERT LANSING

File No. 654.119/262

The Minister in Switzerland (Stovall) to the Secretary of State

[Telegram]

BERNE, May 17, 1918, 3 p. m.

[Received May 19, 3 a. m.]

3399. For War Trade Board [from Dresel]:

No. 41. My No. 35, Legation's 3362.¹ New convention between Germany and Switzerland was accepted for Swiss but owing to French protest signature has been deferred and in any case it will probably not be signed before 23d. Agreement as confidentially communicated provides in substance:

- (1) For monthly delivery 200,000 tons coal at average price 173.50 francs per ton, and 19,000 tons iron and steel.
- (2) Germany to furnish 3,000 cars fertilizers, besides gasoline, potato products, zinc, sulphate of copper and medicines; Switzerland to give in exchange milk products, chocolate, [garbled word], and fifteen to seventeen thousand head of cattle.
- (3) German S.S.S. to be created, (details?) to be arranged later.
- (4) If French are able to furnish whole quota of [85,000] tons monthly no restrictions beyond present arrangements regarding coal going into war material to be imposed by Germany. If, however, ratio of French coal delivered to whole 85,000 tons promised falls materially below ratio of amount of German coal delivered to whole 200,000 tons promised, Germany considers herself free to discuss further restrictions on use of German coal.

France has made vigorous protest against fourth provision alleging, as already stated in Legation's 3437 [3337] of May 11 [10],^a that French offer was made on express understanding that no further restrictions imposed by Germany would be accepted. Swiss Government claims no such understanding existed and that protest entirely unexpected, but am convinced verbal notice to effect stated was actually given by French representatives immediately offer made. Undoubtedly French attitude partly explained by feeling that national dignity affected by implication that France will not live up to her agreement and by the balancing of her performance against that of Germany.

^a Not printed.

Two Swiss Government delegates have been sent to France to discuss situation further. I believe that settlement will eventually be reached as French not inclined as far as I can gather to take an absolutely uncompromising attitude. The new German restrictions will in no event come into force until July 15 and will only affect use of four to five thousand additional tons of coal. Fifteen to twenty thousand tons coal monthly from France would look out for exportations of Swiss products to Entente and it is possible French may make further proposition limiting their offer of coal to this extent. Dresel.

STOVALL

File No. 654.119/299b

The Secretary of State to the Minister in Switzerland (Stovall)

[Telegram]

WASHINGTON, May 22, 1918, 5 p. m.

1960. For Dresel [from War Trade Board]:

No. 26. Further referring to your No. 35, Legation 3362, May 14, 6 p. m.¹ Five ships flying American flag aggregating over 30,000 tons dead weight have sailed for a French port with grain for Swiss use. This includes the two vessels mentioned in Department's 1846, May 3, 6 p. m. All five ships have been sent forward under the convoy system described in Department 1846. In addition to these vessels the Norwegian steamer mentioned in our No. 24¹ is loading a cargo of foodstuffs, approximately 3,700 tons to be barley and the balance lard. Two other ships under the American flag have been allocated for Swiss use and question of most expedient method of dispatching them is now being worked out. You are authorized to make such use of the foregoing information as you see fit.

LANSING

File No. 654.119/254

The Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, May 24, 1918, 6 p. m.

4175. For McFadden [from War Trade Board]:

No. 92. Please note the following and repeat to Dresel.

Your No. 34, Legation 3361, May 14, 5 p. m.¹ We agree to your suggestion that raw materials destined for use in Switzerland in the manufacture of munitions for the Allies be not consigned to the S[ociété] S[uisse de] S[urveillance Economique] or reckoned in the Swiss ration. We will rely upon you to insure that such exports are

¹ Not printed.

properly safeguarded and will actually be employed in the manufacture of munitions; we understand that you will cable us of what shipments should be licensed in accordance with this special procedure. We feel it important that there should be very close coordination in Switzerland of the representatives of the Associated Governments who are supervising the production of munitions.

LANSING

File No. 654.119/280

The Minister in Switzerland (Stovall) to the Secretary of State

[Telegram]

BERNE, May 23, 1918, 3 p. m.

[Received May 25, 12.12 a. m.]

3439. For War Trade Board [from Heck]:

No. 46. Our No. 45.¹ German-Swiss convention covering period of nine months from May 1 signed May 22. It may be denounced every second month by a preliminary notice of one month. It contains no clause referring to deliveries of coal by countries at war with Germany. Heck.

STOVALL

War Trade Board Files: Shipping and Tonnage, Switzerland, Vol. I

The Swiss Minister (Sulzer) to the Chairman of the War Trade Board (McCormick)

WASHINGTON, May 31, 1918.

MY DEAR MR. MCCORMICK: In replying to your letter of May 15,¹ may I be permitted to write you briefly on the subject of exports to Switzerland, in order to correct some misunderstanding of facts which still seems to exist.

As you are aware, commodities exported to Switzerland must be divided into two distinct groups:

1. Those consisting solely of breadstuff grains, the supply and transportation of which have been generously guaranteed by your Government, and
2. All other commodities which Switzerland must procure from overseas to maintain her economic life.

There are among these latter commodities a number of important foodstuffs and feedstuffs (edible oils and fats, sugar, corn and oats) and other articles, such as cotton, leather, industrial fats, metals and oils, indispensable to the maintenance of her population and upkeep of her industries.

¹ Not printed.

The transportation of the articles of group 2 has not been guaranteed to Switzerland and she must charter the necessary tonnage, depending almost entirely on neutral ships.

As no ships had been placed at the disposal of Switzerland for the transportation of breadstuff grains until April, no other course was left but to turn over to this service as many neutral ships as could be procured by my Government. In this way eleven Spanish steamers, aggregating 30,833 tons (not nine or ten thousand as seems to be your impression) have been secured. As those ships could not be used for the transportation of articles of group 2, for which they were originally chartered, I requested from the beginning that the War Trade Board replace this tonnage as soon as possible. This request was looked upon as entirely fair and reasonable and you accepted it without hesitation.

In addition to those eleven ships, the five following Spanish boats have been carrying material to Switzerland: the *Jacinto Verdaguer*, the *Cataluña* and the *Aragon*, loaded with 16,331 bales of cotton, and two smaller boats, the *Marquez del Turia* and *Juan Maragal*, carrying 3,800 tons of general cargo.

However, I beg to point out that those steamers were not chartered by the Swiss Government, but were by mere chance secured for the account of private shippers during the suspension of exports to Spain. This Legation and the chartering agents of my Government in London exerted every effort to charter these steamers for the shipment of grain. The owners and agents, however, categorically refused such cargo and, because of the higher freight rates obtainable, would only consider accepting general cargo. It was only after I recognized that the conclusion of pending arrangements with Spain would mean the return of those ships to the Spanish service and that they would be entirely lost to Switzerland that I agreed to loading them with the cargo in question, for which the Swiss importers had to pay exorbitant prices. Of course, I have never requested the War Trade Board to replace those five steamers.

Inasmuch as the steamers *Hans Mærsk* and *Oluf Mærsk* had been especially chartered by my Government for the transportation of kerosene and gasoline, in both of which commodities Switzerland's supply is practically exhausted, you will appreciate how great was my disappointment when those charters were not approved, especially as the Shipping Control Committee did not consider the Norwegian steamer *Hermion* as a substitute for those two ships but as forming part of the tonnage to be used in the transportation of Swiss breadstuff grains.

While it may be that the two boats in question can not be employed as economically as larger steamers in transatlantic service, they were

and still are the only solution afforded for the immediate relief of the situation, as no other neutral steamer could be found for the transportation of those commodities. The situation has not altered and, as you know, there is no possibility of chartering an American steamer for Cette before the end of July. I understand that through the efforts of Mr. Munson, the Food Administration is now considering the release of those steamers for one trip in June, and I earnestly hope he will succeed.

While in this special instance I could not help being somewhat disappointed, I do not want to close without telling you how glad I am to see from my records that grain shipments are proceeding satisfactorily and that the tonnage placed at our disposal since the beginning of April aggregates approximately the 60,000 tons agreed upon. I wish to express to you my heartfelt thanks for your untiring efforts in our behalf, which I appreciate all the more as I realize fully the great difficulties you have to overcome. I have more than once cabled my Government never to lose faith in the United States as Switzerland would not be left in the lurch no matter how great the difficulties to be contended with, and I am glad to see my assurances fully verified. I can assure you that the anxiety of the Swiss people has been greatly allayed by the prompt action of the United States, which I know well enough to be to a great extent the result of your personal efforts.

I hope that conditions will continue to improve from now on and that the Swiss transportation situation will be on a more solid basis by fall.

Believe me [etc.]

HANS SULZER

War Trade Board Files : Shipping and Tonnage, Switzerland, Vol. I

The Chairman of the War Trade Board (McCormick) to the Swiss Minister (Sulzer)

WASHINGTON, June 5, 1918.

MY DEAR MR. MINISTER: I am in receipt of your letter of May 31, dealing further with the points raised by our earlier correspondence on the subject of the steamers *Hans Mærsk* and *Oluf Mærsk*. In deference to your very urgent representations arrangements have now been made whereby these two steamers may be chartered to your Government for a round trip to Cette for the transport of a general cargo including gasoline and kerosene. In view of the fact that we have thus been able to meet your Government's wishes in this matter, I do not feel that it is necessary to go into the other points.

I wish to express my appreciation of your very kind expressions relative to the efforts being made by my Government to insure the

receipt by Switzerland of necessary supplies, and the withdrawal of our objections to the charter by your Government of the two steamers above mentioned, is in accord with our general policy of demonstrating in as practicable manner as possible the sincerity of our friendship for the Swiss Government.

I am [etc.]

VANCE McCORMICK

File No. 854.85/21a

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, June 11, 1918, 3 p. m.

1215. SWISS Minister has presented note on subject of proposed acquisition by Swiss Government of German or Austrian vessels lying in Spanish waters, stating that such acquisition has been approved in principle by all governments concerned and that details will now be taken up at Madrid.¹ Swiss Minister asks that you be authorized to represent American interests in these negotiations so that details of acquisition can be settled more promptly than if all matters had to be handled by cable. The Department is replying that you would be authorized to consider on behalf of American Government the details of proposed terms under which enemy ships will be acquired by Swiss Government, and after reporting the same on behalf of this Government to approve or disapprove of such details.

You are authorized to act in accordance with the foregoing. It is expected that Alfred Smith now *en route* for Madrid via England to conduct Spanish ships negotiations, will be at Madrid by the time it is necessary for you to act on details of Swiss negotiations for enemy ships and he will be able to give you such advice on technical shipping matters as you may desire. It is this Government's hope that Swiss Government may be able to purchase or charter all German and Austrian ships lying in Spanish waters, approximating, we understand, 130,000 tons deadweight, provided surplus over Swiss requirements be utilized for purposes satisfactory to Associated Governments such as Belgian relief. We favor purchase rather than charter and have so expressed ourselves to the Swiss Minister, who is returning to Switzerland on leave. You will keep Department fully advised as to developments of these negotiations and as soon as is practicable the Department will give you a general expression of its views for your guidance.

LANSING

¹ Note of June 1 and the Department's reply of June 10 not printed.

War Trade Board Files: American-Swiss Agreement, Vol. II

*The French High Commissioner (Tardieu) to the Chairman of the
War Trade Board (McCormick)*

WASHINGTON, June 17, 1918.

DEAR MR. CHAIRMAN: Confirming my conversation with Mr. Chadbourne on the subject, I beg to state that I have been advised by my Government that the shipments for Switzerland may be continued to be made as formerly, via Bordeaux, until the German safe conducts become effective.

The French Government has granted the above concession in order to prove our willingness to help the supply of Switzerland even at the cost of our own transportation system.

I have also been advised that the 10 per cent reserved for us on Swiss tonnage shall not necessarily be taken on each individual boat, but may constitute complete cargo.

I am [etc.]

For the High Commissioner:

BILLY

File No. 654.119/356

The Minister in Switzerland (Stovall) to the Secretary of State

No. 3422

BERNE, June 6, 1918.

[Received June 27.]

SIR: With reference to this Legation's telegram No. 3505 of May 30, 1918, transmitting Mr. Dresel's telegram No. 51 for the War Trade Board,¹ I have the honor to enclose herewith copy and translation of the official communication from the representative of the Swiss Department of Public Economy to the effect that no American cotton will be exported from Switzerland in any form to countries at war with the United States during the life of the agreement of December 5, 1917.

A copy of a personal letter from the head of the Section of Textile Industry of the Department of Public Economy, Dr. R. Iklé, is likewise enclosed. In this letter Dr. Iklé makes the request referred to in the above-mentioned telegram in regard to the form of any public announcement in America concerning this undertaking of the Swiss Government.

I have [etc.]

PLEASANT A. STOVALL

¹ Not printed.

[Enclosure]

The Head of the Section of Textile Industry of the Swiss Department of Public Economy (Iklé) to the War Trade Board Representative (Dresel)

BERNE, May 29, 1918.

DEAR MR. DRESEL: In regard to the enclosed letter I take the liberty of calling your attention to the fact that in case its content should be published in the U.S.A., the form in which this is done matters greatly to Switzerland. I would be very much obliged, if to the enclosed letter it would not be given the character of a special arrangement between the two Governments, but only that of an explanatory letter as to the effect of the new "accord" between the Allied Governments and Switzerland of May 8 concerning the exportation of cotton goods to the Central Powers.

As I have explained to you and Mr. McFadden, the new wording of the article 10 of the S.S.S. *règlement* does not allow any exportation of heavy cotton goods made of American cotton, but only that of fine goods made of Egyptian cotton in a limited amount. Furthermore our internal Swiss need in American cotton compels us to use every ounce coming in for our own purpose.

Trusting that this matter will be settled to your full satisfaction I remain [etc.]

R. IKLÉ

[Subenclosure—Translation]

The Head of the Section of Textile Industry of the Swiss Department of Public Economy (Iklé) to the War Trade Board Representative (Dresel)

BERNE, May 29, 1918.

DEAR SIR: During an interview which I had the pleasure of having with you and with Mr. McFadden, concerning the exportation of cotton goods to the Central Empires, you asked me if there will still be exports of American cotton under the new regime established between the Allied Governments and the Swiss Government on May 8, 1918. I replied to you that the new restrictions will doubtless have the result of practically preventing such exports. You then proposed to me to draw up the following memorandum:

The following memorandum between the War Trade Board and the Swiss Government is supplementary to a certain memorandum between the said parties dated December 5, 1917.

With reference to schedule F of article 3 of said memorandum of December 5, 1917, it is hereby stated and declared as follows, notwithstanding the statement in said schedule to the effect that the

declaration therein contained shall not apply at present to the goods specified in article 10(c), pars. 4 and 6, of the by-laws of the S.S.S.:

The Swiss Government declares and agrees that no raw cotton of American origin and growth and no manufactured products of such raw cotton shall be exported in any form, whether as raw or finished products to Germany, Austria-Hungary, Turkey or Bulgaria, or to destinations beyond such countries involving transit through the countries named, provided that such raw cotton [or] products thereof manufactured either within or without Switzerland, has arrived within Swiss territory on May 1, 1918, or subsequent to said date.

This memorandum becomes void on September 30, 1918, it being further understood that raw cotton or manufactured products thereof of American origin and growth received in Switzerland during the life of this memorandum shall not subsequently to last named date be exported to the countries mentioned except by previous agreement.

UNITED STATES OF AMERICA: WAR TRADE BOARD

By

Representative.

FOR THE GOVERNMENT OF SWITZERLAND:

As I had the honor of explaining to you, it is not possible for political reasons for us to sign such a declaration, even if the reality of the situation would permit it. Nevertheless I take the liberty of confirming by the present that in view of the penury of cotton in Switzerland no exportation of American cotton can take place in a manner contrary to the idea expressed in your memorandum. Moreover, the necessary instructions for putting this idea into execution were given after the abovementioned conversation.

Please accept [etc.]

DR. R. IKLÉ

File No. 654.119/355

The Minister in Switzerland (Stovall) to the Secretary of State

No. 3461

BERNE, June 10, 1918.

[Received June 27.]

SIR: With reference to this Legation's telegram No. 3224 of May 2, 1918 (Mr. Dresel's No. 21), concerning the new lumber convention between the Allied Governments and the Swiss Government,¹ I have the honor to transmit herewith copy and translation of an official communication from the Swiss Department of Public Economy, stating that the Federal Council has ratified this convention as concluded on May 1, 1918.

I have [etc.]

PLEASANT A. STOVALL

¹ Not printed.

[Enclosure—Translation]

The Swiss Department of Public Economy to the American Legation

No. 6349

BERNE, June 7, 1918.

The Swiss Department of Public Economy has the honor to bring to the knowledge of the Legation of the United States of America that the Federal Council has ratified the convention relative to lumber, as well as the minutes of the last conference, concluded on May 1, 1918, between the delegates of the Allied Governments and those of the Federal Government.

The Department avails itself of this occasion to renew to the Legation of the United States of America the assurance of its high esteem.

War Trade Board Files: Switzerland, Shipping and Tonnage, Austrian Ships in Spanish Waters, Vol. I

The French High Commissioner (Tardieu) to the Chairman of the War Trade Board (McCormick)

WASHINGTON, July 1, 1918.

DEAR MR. CHAIRMAN: The question of the chartering by Switzerland of Austrian vessels, which have taken refuge in Spanish ports, has been examined by the French Government.

The following is the stand taken by my Government on the subject:

The scheme is contrary to international law and we could not, without receiving special guarantees, give up the principles of the naval policy which we have followed since the beginning of the war.

We could only accept the sale or the chartering of these vessels, if the latter were not to be returned to their former owners after the war: the first condition we would have to impose is therefore that we receive an option on these vessels at the cessation of hostilities.

Mr. Sulzer, who is on his way to Switzerland to take up the matter of charters with his Government, has discussed the question with the Minister of the Blockade on June 28, in Paris. He has frankly admitted that the vessels were to return after the war to the ports where they are at present, and therefore be restored to their present owners.

The Minister of the Blockade has let Mr. Sulzer understand that we could not accept such a proposal: the shipping situation is not such that it should be necessary for us to accept the condition imposed by the Austrians, the interest of which is very clear in the matter, whereas ours is not so evident.

The Swiss Government could probably still find in neutral, and even in Allied ports, enough neutral boats lying idle at present, the owners of which would accept to let them sail with the guarantees

which would be the consequence of their exclusive use for the supply of Switzerland.

Mr. Sulzer has acknowledged that the Swiss authorities had not made any real efforts in this direction; they, no doubt, find it easier to make a bargain with Austria without putting themselves to any inconvenience.

The Austrians have a great interest to have their boats sail and therefore offer them at relatively low prices.

Mr. Sulzer is of opinion that the War Trade Board and the British Government have accepted the conditions of the return to Spanish ports, after the war, of all Austrian vessels chartered by Switzerland.

The Italian Government, on the other hand, who had an idea of making use of these same vessels, protests against the condition imposed by Austria.

Mr. Cailler was expected to arrive on June 29 in Paris and discuss the question with the Minister of the Blockade.

The French Government instructs me to bring their viewpoint on this matter to your knowledge. The question lies within the province of the Inter-Allied Chartering Committee of London, but it must not be forgotten that France has a special interest in the matter, as the vessels chartered by Switzerland will discharge their cargo in French harbours and it is therefore of the greatest importance that their status should be clearly defined.

My Government is anxious to hear the opinion of the American Government, as soon as possible.

I am [etc.]

[For the High Commissioner:]

M. GRIMPREL

File No. 854.85/25

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, July 9, 1918, noon.

[Received July 10, 7 a. m.]

4407. War Trade Board [from McFadden]:

No. 243. The Swiss mission *en route* via Paris to Madrid with the object of completing negotiations for Austrian and German ships interned in Spanish or other ports have submitted to us copy of memorandum received by the Swiss Department of Public Economy from the Austrian Government. The following are the most important terms contained therein.

(1) Austrians make first offer for sale of *Emilia* interned in Cartagena, *Fredericia* and *Lodovica* interned in Huelva, total dead weight tonnage 17,050 tons, on the basis of 1,200 Swiss francs per dead

weight ton, amounting to 21,410,000 Swiss francs for the three ships, cash Swiss banks against delivery of boats. The Austrians will later designate two additional ships interned in Spanish ports which they will sell to Swiss on same basis.

(2) Ships are to be delivered in Spain to the representatives of the buyers in condition for service and all expenses in connection therewith to be borne by sellers.

(3) Ships stores, etc., to be paid by buyers at current market value.

(4) The Swiss must agree to operate ships for length of war exclusively in Swiss service but they may carry merchandise for American Red Cross, and with the exception of contraband of war, may also carry merchandise for account of any country.

(5) On the termination of [the war] or in case Austro-Hungarian navigation is resumed, all restrictions as to use of ships will cease. The Austrians require that during the first nine months succeeding the conclusion of peace they shall have option in one-half the space in these ships, in which event they will pay current rates of freight to the Swiss.

(6) The buyers give the sellers the option of repurchasing any one or all of the boats purchased within nine months after conclusion peace or in case of resumption of Austro-Hungarian transatlantic navigation at the purchase price less charter hire during period of operation by buyer and at 209,000 Swiss francs per month for the *Emilia* and *Fredericia* and 206,000 Swiss francs for *Lodovica* with the condition that the sellers must give notice of this option within six months after conclusion of peace, and the boats must be returned to the seller at a safe European port in condition delivered.

(7) The buyers are at liberty to organize a Holland-Swiss society for the purpose of operating ships.

(8) The cost and expense in connection with transfer to Dutch register is to be borne by buyers and the cost and expense in connection with retransfer to original register is to be borne by sellers.

(9) As guarantee of the faithful and exact execution of the agreement the buyers will deposit in favor of the sellers amount equal to (blank) per cent of the price of the boats, which sum will be forfeited if the stipulations of the present agreement are violated by the buyer, in which case the amount due the sellers will be fixed by arbitrators; the sellers, however, will return the money so deposited by buyers nine months after end of the war when the boats are returned to the sellers.

(10) The Swiss Government must guarantee the contract.

(11) Any question of buyer will be settled by arbitrators, and in event arbitrators are unable to agree, then same is to be settled by Rotterdam Chamber of Commerce.

You will note from above that tonnage offered firm amounts to about 25,000 dead weight tons but the Swiss are unofficially informed that the Austrians will be willing to increase same to approximately 70,000 tons and that this offer of same, on above basis, will be made by them on the arrival of their mission at Madrid. The Swiss and Doctor Sulzer are of the opinion that basis of purchase and charter hire asked is unreasonably severe, but it is our understanding that

the price asked for purchase about corresponds to price paid by you for Japanese tonnage, and charter-hire price about corresponds with that for tonnage chartered from Sweden. The Swiss raise further objection on account of important financial obligations assumed by them in consequence of this transaction which on the basis of purchase of 100,000 tons at 1,200 francs per dead weight ton would amount to a cash payment by them of 120,000,000 Swiss francs. We have, however, called their attention to the following points:

(1) Providing transaction is approved by Associated Governments then we thought that question of price should be considered of secondary importance when compared with economic importance to their Government of having 100,000 tons of shipping for transporting their next year's ration.

(2) The Swiss-American agreement expires September 30 and in view of the steadily increased demands upon the United States for transport, in consequence of its armies in France, that therefore, under our new agreement it might be impossible for the United States [to furnish] transport for next season's Swiss ration and that therefore, if they obtain the opportunity of securing independent neutral tonnage for transport of next year's ration, they had better take advantage of same.

We are forwarding by this mail copies of proposals and are also sending copies to Madrid and London. McFadden.

SHARP

File No. 854.85/32B

The Acting Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, July 23, 1918, 6 p. m.

1348. For Chadbourne [from War Trade Board]:

No. 167. On July 9 McFadden cabled us proposals of Austria to Switzerland respecting proposed purchase Austrian ships and informed us he had transmitted same to you. Our assent to Switzerland's purchase of Austrian ships was confined to ships in Spanish ports and we should prefer not to extend this to embrace ships located elsewhere, as it might interfere with other negotiations.

Referring to important terms by number:

(1) Approved.

(2) We approve sellers bearing expense of putting ships in condition for service, but their representatives overseeing this work and handling funds must be neutral and subject to approval of Allied Governments.

(3) Approved.

(4) Approved if Belgian Relief included.

(5) We deem option upon use of half of space in ships during first nine months succeeding conclusion of peace objectionable and believe it should be eliminated.

(6) Approved as to option and terms of repurchase, subject to final approval of contracts before final ratification by Allied Governments.

(7) Approved.

(8) Approved.

(9) We are opposed to the deposit of purchase money in Spanish banks, believing this money may be used in Spain for enemy propaganda which might result in such internal disorder as to close the lead and pyrites and other mines upon which the Allies are dependent for essential materials, and we think Switzerland should insist upon deposit of this money in their country. Respecting this, we cabled Madrid directly on July 17.¹

(10) We approve.

(11) We approve of the purchase price if the ships can not be obtained cheaper, but it does not correspond with the price paid by us for Japanese tonnage which was about one-third less. You will use your discretion as to disclosing the fact that we paid this much less for Japanese ships, as we do not believe that fact ought to keep Switzerland from closing trade at higher price.

Referring to McFadden's 250, Embassy's 4430 to Department July 11, noon, about Bank Hispano-Austro-Hungaro copy of which was transmitted by him to you.¹ Our answer above to paragraph 9 is applicable. In our opinion, blacklisting bank and individuals is not sufficient to prevent payment being deposited in Spain, and steps should be taken to notify Switzerland that we cannot approve the transaction if deposit is made in Spain. If deposit is made in Switzerland, blacklisting of bank and individuals may make transfer to Spain and improper use of money more difficult and perhaps impossible. We have asked McFadden to consult with Crosby about this phase of the situation before taking any definite steps.

POLK

File No. 654.119/400

The Minister in Switzerland (Stovall) to the Secretary of State

[Telegram—Extract]

BERNE, July 22, 1918, 9 a. m.

[Received July 24, 11.03 a. m.]

4037. For War Trade Board [from Dresel]:

No. 1001 [101]. Cotton agreement has finally been ratified by British, French, and Italian delegates and only awaits formal acceptance by Swiss of following modification in order to take full effect. British Government has ratified with reservation that total of exports under heading A, B, C, and E, pages 1 and 2 of agreement, shall not exceed 300 metric tons per annum. Exports for

¹ Not printed.

April, May, and June this year were at approximately this rate. Instructions to French delegates provide for acceptance figures for 1917.

STOVALL

File No. 654.119/408

The Minister in Switzerland (Stovall) to the Secretary of State

[Telegram]

BERNE, July 26, 1918, 5 p. m.

[Received July 28, 10.18 a. m.]

4090. The War Trade Board [from Dresel]:

No. 105. Legation's 4037, 22d, my 101. Cotton agreement definitely ratified by Swiss Government with restriction stated my 101 and will go into force at once. Dresel.

STOVALL

File No. 763.72112 Sa/32

The Swiss Chargé (Hübscher) to the Secretary of State

WASHINGTON, August 12, 1918.

SIR: I have the honor to acknowledge the receipt of Your Excellency's note of August 2, 1918,¹ with regard to German safe conducts, informing me that the Government of the United States would be pleased to receive assurances of a more specific character than those given in my note of July 30, 1918,¹ and that it would appreciate advices as to whether the Swiss Government has been informed by the Imperial German Government that it considers the agreement relative to safe conduct for vessels under enemy flag, engaged in the Swiss transportation service, as actually in operation and binding.

The content of Your Excellency's note has been cabled to my Government, which replies that the period of three months stipulated in article III-3 of the agreement of April 24, 1918, between the Swiss and the Imperial German Governments relative to safe conducts, expired on July 24, 1918, and the dispositions of this agreement are, therefore, in full operation.

For your guidance, I beg to quote translation of article III-3 in question:

A positive guaranty of safety cannot be assumed before the expiration of three months after the issuance of the orders to the German naval forces, as only at the expiration of such period will

¹ Not printed.

there be complete certainty that all the naval officers in command will have received these instructions. Instructions will be issued immediately upon the acceptance of the agreement—

the original German text of which reads:

Eine Gewähr für unbedingt sichere Fahrt kann nicht vor Ablauf von drei Monaten nach der Befehlserteilung an die deutschen Seestreitkräfte übernommen werden, da erst nach Ablauf dieser Zeit Sicherheit dafür besteht, dass alle Seestreitkräfte den erlassenen Befehl erhalten haben. Der Befehl wird sofort nach Annahme der vorstehenden Regelung erteilt werden.

The expression in my note of July 30, 1918, that "a positive guaranty of safety will be given" after the expiration of a period of three months from the date on which instructions had been issued to the German naval forces is, therefore, to be interpreted to mean that after the expiration of the said three months the German Government, without specific notification to the Swiss Government, assures a positive guaranty of safety.

I have the honor also to inform Your Excellency that the Swiss Government will issue safe conducts for all American vessels returning from the French port of Cette to a United States port, provided those vessels return in ballast or with cargo approved by the German Government.

Accept [etc.]

CARL P. HÜBSCHER

File No. 854.85/41

*The Swiss Legation to the Department of State*¹

MEMORANDUM

The Legation of Switzerland is in receipt of cable information from Berne stating the difficulties being experienced by the Swiss Government in its efforts to acquire German and Austrian vessels in Spanish waters.

The greatest difficulty lies in the fact that Great Britain has given its approval for the charter of German and Austrian vessels in Spanish ports only, and not for those interned in other ports such as those of the Dutch East Indies, whereas, the Imperial German Government declares that it is not in a position to turn over to Switzerland the vessels in Spanish ports but is ready to cede those interned in the Dutch East Indies.

The Swiss Government is in receipt of information that the German Government has also been approached by the Spanish Government with a view to procuring for its own use the German and

¹ Through the War Trade Board.

Austrian vessels lying in Spanish ports on terms similar to those under consideration for Switzerland, i. e., repurchase by the owners at the end of the war.

The German Government appears willing to enter into negotiations for the charter of these vessels by the Spanish Government for the duration of the war, on condition that Spain withdraws the Spanish tonnage actually engaged in the Allied transportation service and uses it only for its own interests. In this case it is unofficially understood that the German Government is willing to turn over to Switzerland at least five to seven vessels, provided the Allied Governments will allocate to Switzerland an equivalent amount of tonnage for the duration of the war and engage themselves not to withdraw this tonnage from the Swiss transportation service as long as the war lasts.

The Swiss Government would be very grateful if assurance could be given it that the Government of the United States will assist the Swiss Government in every way possible in its efforts to overcome the existing difficulties in securing the tonnage in question on the conditions which make their acquisition possible. The assistance and approval of the Government of the United States and the Allied Governments is equally indispensable to the acquisition of the German and Austrian ships lying in Spanish waters as to those interned at the Dutch East Indies.

August 15, 1918.

File No. 854.85/41e

The Department of State to the Swiss Legation

MEMORANDUM

The Department of State has received from the Chairman of the War Trade Board a letter from the Swiss Legation, dated August 15,¹ with reference to the Legation's memoranda of August 13 [12]¹ and August 15 on the subject of negotiations by the Swiss Government to secure shipping.

The Legation's memorandum of August 12 deals with the subject of negotiations by the Swiss Government to secure Spanish tonnage and refers to a statement by Mr. Sulzer that the War Trade Board had expressed their willingness to exercise pressure upon the Spanish Government in favor of Switzerland in such negotiations. The Department feels that there must be some misunderstanding in this connection as it had never been aware that the Swiss Government was negotiating for Spanish ships. The only proposal which had

¹ Not printed.

been laid before the Department by the Swiss Government and the proposal to which the Department had given its approval was the purchase or charter by Switzerland of German or Austrian ships lying in Spanish waters. The Legation's memorandum of August 12 is the first intimation which the Department received from the Swiss Government that it had in contemplation the acquisition of Spanish tonnage. The Swiss Legation is doubtless aware that there is now in Spain a representative of the United States Government discussing tonnage matters with the Spanish Government. The Legation has been advised as to the pendency of these negotiations and this Government is unable to accept the suggestion that such negotiations should at this late date be discontinued in favor of the proposal now for the first time made, namely, that the Swiss Government itself should negotiate for Spanish ships.

In the Legation's memorandum of August 15 reference is made to the fact that the Imperial German Government now declares that it is not in a position to turn over to Switzerland vessels in Spanish ports but it is ready to cede those lying in Dutch East Indian waters. The Government of the United States is prepared in principle to consent to the acquisition and use by the Swiss Government of such ships in Dutch waters, whether colonial or continental, and in so far as the detailed terms of such proposed acquisition are acceptable, to use its good offices to assist the Swiss Government in this matter.

It is also noted that the Legation's memorandum sets out the suggestion of the German Government that provided Spanish tonnage engaged in transportation for the Associated Governments is withdrawn from such use, then the German Government would be willing to turn over to Switzerland the use of certain vessels provided the Associated Governments made a similar allocation for Switzerland. Such a proposal is not acceptable to the Government of the United States.

The proposal of the Swiss Government to which the Government of the United States gave its acceptance involved the purchase or charter by the Swiss Government of German or Austrian ships lying in Spanish waters. This proposal was not coupled with any conditions relative to an allocation by the Associated Governments of tonnage for Swiss use, nor did it involve any question of the use of neutral tonnage. The Government of the United States has given and will continue to give its strong support to the carrying out of this original proposal, provided the details thereof are satisfactory. Indeed, this Government desires again to urge the importance of consummating an arrangement along the lines above indicated, in view of the fact that the existing commercial arrangement with

Switzerland under which tonnage is allocated for Swiss use by the Associated Governments is shortly to expire, and since, as previously pointed out, the shipping situation of the United States will continue to be such that, in view of the extensive war program to be consummated, the Swiss Government cannot rely upon the continued use of American ships.

WASHINGTON, August 23, 1918.

File No. 854.85/40

The Chargé in France (Bliss) to the Secretary of State

[Telegram]

PARIS, August 23, 1918, 12 p. m.

[Received August 24, 6.25 p. m.]

4862. [For War Trade Board from McFadden:]

No. 360. The Swiss negotiations for Spanish and Austrian-German tonnage conducted during the last seven weeks in Madrid have been unsuccessfully concluded and Mr. Cailler has returned to Berne. Doctor Sulzer and Mr. Cailler give the following in explanation of the same.

First: The Spanish Government have requisitioned the Spanish mercantile fleet, therefore it is no longer possible, either by time charter or purchase, to secure Spanish tonnage.

Second: The terms, locations, etc., of the various tentative offers made by the Austrian and German Governments for the Austrian and German tonnage, were unacceptable to the Associated Governments, while on the other hand the terms, location, etc., under which the Associated Governments were willing for the Swiss to purchase or charter the Austrian and German tonnage were unacceptable to the German and Austrian Governments. Therefore the Swiss commissioners thought that for the present it was useless to continue further negotiations in Madrid.

Further: It was felt that geographically, Madrid was not as suitable a location as Berne from which to pursue further negotiations and discussions in connection therewith.

In connection with the transport problems of the Federal Government, we think Sulzer, Cailler and Grobet are now fully alive to the importance of securing independent tonnage for Swiss transport service. On this account, the Federal Government sent shipping experts to Berlin and are now in receipt of a tentative offer on time charters of eight ships, four of which are interned in Spanish ports and four interned in the Far East, under the condition that the Associated Governments will furnish a corresponding number of ships, of approximately corresponding tonnage, all to be employed in the Swiss transport service. We have suggested to Doctor Sulzer

that as soon as a concrete and definite offer is obtained by the Swiss Government for Austrian or German tonnage that same shall then be contemporaneously submitted, together with all the details in connection therewith, to the diplomatic representatives of the Associated Governments in Berne to be transmitted by them to their respective Governments for joint consideration of the Associated Governments.

In this connection we venture to observe that we are decidedly of the impression, judging from various correspondence which has come under our observation, that the British Government regard unfavorably the Swiss negotiations for Austrian-German tonnage and in consequence have been a discouraging influence. The following is an example and an extract [from] a letter written by British Foreign Office, London.

His Majesty's Government are, however, now advised by their shipping authorities, that the present tonnage situation, while still critical is not such as to justify the recognition, in case of enemy vessels, of any transfer of flag which might tend to embarrass any policy which may be adopted by the Allied Governments in regard to the period following the conclusion of the war. It is accordingly for consideration whether it may not prove more advantageous to Allied interests to keep enemy vessels in port in the unseaworthy condition rather than to allow them to be utilized now and thereby facilitate their resumption of trade in German interests on the conclusion of the war. His Majesty's Government are of course ready, in accordance with the assurances already given, to support for the present both the Italian and Swiss negotiating for the enemy ships in Spain but, for the reasons given above, they would not be greatly concerned, if as appears not impossible, no appreciable result is obtained.

We understand it is your intention to negotiate, about October 1, a new agreement with Federal Government in which you propose to again provide a ration to the Swiss in view of the fact that the Swiss are unable, on account of control by various Associated Governments' committees, boards, and councils, to obtain either neutral or Associated Government tonnage, therefore it occurs to us that in granting a ration, a collateral obligation of providing tonnage to transport same is assumed by War Trade Board. We therefore, venture to suggest that the Swiss should be encouraged in their negotiations with the Austrian Germans as the extent to which enemy tonnage can be secured, just to that extent will the Associated Governments be relieved of transport obligations. We are inclined to think that a concrete proposition will be submitted by Swiss within the next few weeks. McFadden.

BLISS

War trade Board Files: Switzerland, Shipping and Tonnage, Austrian Ships in Spanish Waters, Vol. II

The Third Secretary of the British Embassy (Hudson) to the Chairman of the War Trade Board (McCormick)

WASHINGTON, September 14, 1918.

DEAR MR. MCCORMICK: I beg to enclose herewith paraphrase of the telegram which Sir Richard Crawford showed you regarding London's opinion on the subject of tonnage for Switzerland.

Yours very truly,

R. S. HUDSON

[Enclosure]

PARAPHRASE OF TELEGRAM FROM THE FOREIGN OFFICE REGARDING
TONNAGE FOR SWITZERLAND

The Swiss Government have been unable to obtain enemy tonnage in Spain. They have been offered enemy ships in the Dutch East Indies, but we can not agree to this, since it is important that the vessels should remain there as to some extent a pledge of Germany's good behaviour towards Holland. For the reasons already explained, we are reluctant to charter enemy ships in Chile, which, moreover, it is doubtful whether the Chilean Government would sanction.

The German Government are reported to be willing to charter to Switzerland five or seven ships in Spain on condition that a similar number be furnished by the Allies. Although War Trade Board representatives are in favour of this proposal, we are strongly opposed to it on the following grounds:

(a) In view of the present relations between Spain and Germany, it is most unlikely that the Spanish Government would be willing to allow German vessels to leave Spanish ports, since if Germany succeeded in placing under neutral charter the large number of ships now in Spain, the Spanish threat to seize German vessels in retaliation for torpedoed Spanish ships would become practically ineffectual.

(b) Bargaining with Germany would produce a bad moral effect, while the refusal of German tonnage would produce a good effect both in Germany and in the neutral countries.

(c) It is altogether improbable that Germany would carry out the bargain. She has hitherto hindered all negotiations for these ships.

(d) Alternatively, if she did cede the vessels, she would make an enormous profit—about 2,000,000 pounds a year.

(e) According to M. Sulzer, the Swiss Government delegate, six months would be required to put the ships in service. Al-

though he has since stated that possibly some vessels might be ready in two months, all our information and experience as well as the nature of the facilities available in Spain point to six months as the probable minimum period.

(f) It would be necessary to exercise strict supervision on navigation crews, etc., of any German ships allowed to sail. This would entail delays which would be represented by Germany as obstacles raised by the Allies, thus tending to minimize any gratitude that Switzerland might feel for our concessions.

The total enemy tonnage so far offered amounts to 30,000 to 40,000 dead weight tons approximately. This is only about 25 per cent of the tonnage required for Switzerland, which we estimate at about 120,000 dead weight tons. On a basis of five voyages a year, this would allow import of 50,000 tons of goods a month which we consider sufficient, although Switzerland has estimated her minimum requirements at 80,000 tons.

In view, however, of the extent to which Allied Governments now control neutral shipping, we recognize the necessity to substitute for the permission hitherto accorded to Switzerland to charter tonnage up to a specified amount a positive responsibility to place tonnage at her disposal. Such an undertaking would not only have an important political effect on conciliating Switzerland, but would also have the advantage of excluding her from chartering market.

We accordingly suggest that an obligation to provide 50,000 tons a month should be assumed by the United States, Great Britain and France, in the proportion of $\frac{2}{5}$ and $\frac{1}{5}$. This suggestion has been informally discussed at the Allied Maritime Transport Council, and was adjourned for the delegates to obtain the consent of their respective Governments.¹ We trust that United States Government will accept it.

The question has been raised whether in return Switzerland should be asked for a *quid pro quo*. It seems to us inadvisable to press her too hard. Under their agreement with the United States the Swiss Government consider themselves entitled to claim that the Allies provide the necessary tonnage for a minimum of 50,000 tons of grain a month. If we obtain the consent of the Swiss Government to a total monthly ration of 50,000 tons we shall have done very well.

We recommend, however, that the Swiss Government be asked for an extension in a modified form of the financial agreement which we concluded with them on March the 20th last year, under which they advanced to us certain sums in proportion to the amount of shipping placed at the disposal of Swiss importers.

¹ See telegram No. 1525, Aug. 31, 1918, from the Ambassador in Great Britain, vol. I, p. 521.

We understand that the United States Government desire to make some stipulation in regard to the purchase of stores from Switzerland, e. g., timber for American Army in France, and we should be glad to receive the views of the United States Government on this point.

War Trade Board Files: Switzerland, Shipping and Tonnage, Austrian Ships in Spanish Waters, Vol. II

The Chairman of the War Trade Board (McCormick) to the Counselor of the British Embassy (Crawford)

WASHINGTON, September 20, 1918.

MY DEAR SIR RICHARD: I am in receipt of Mr. Hudson's letter of September 14 inclosing a paraphrase of a telegram received by you from the Foreign Office regarding tonnage for Switzerland. The War Trade Board have given very careful consideration to this telegram, and I can perhaps best present the views of the Board by taking up *seriatim* the points mentioned in this telegram.

1. With reference to the importance of enemy vessels remaining in the Dutch East Indies as a pledge of Germany's good behavior toward Holland, it may be noted that there is no question of the purchase of more than a small percentage of such tonnage. The greater part thereof would remain under Dutch control. In any case, we seriously doubt whether the ships would be as useful as a pledge of good behavior by Germany as they would be actually operating in service to which the Associated Governments must otherwise have to allocate shipping of their own.

2. The foregoing view applies to a considerable extent to the point lettered "A" in the Foreign Office telegram dealing with the possible purchase of ships in Spain. Of course, if the Spanish Government will not permit of the transfer of such ships to Switzerland, nothing can be done. To make an effort, however, might at least lead Spain to take more prompt and effective action than she otherwise would.

3. We have never in the past hesitated to bargain with Germany for her ships in neutral ports and we are not aware that any bad effect has been created thereby. As you know, we are at present negotiating for enemy ships in Chile, and until very recently the Italian Government with, we understand, the approval of the British Government has been negotiating for enemy ships in Spain.

4. If, as suggested in paragraph "C", Germany would refuse to permit the sale of ships, that is, of course, the final disposition of the matter, but unless we know definitely that this will be Germany's position, the possibility that she will refuse does not constitute in itself a reason for not attempting to secure the ships.

5. It is true that if Germany does charter the vessels to Switzerland, she would realize important sums of money. We feel, however, that the need for ships is such that it is practically beyond price. It would, of course, be important, as already recognized, that adequate provision be made for the disposition of charter money in a neutral bank, where it would, at least to an extent, be impounded for the period of the war.

6. The length of time which might be required to repair enemy ships is, of course, a factor which must be taken into consideration. It would seem probable, however, that from among the sixty-odd German and Austrian ships in Spanish waters, including the Canaries, a few could be found which could be put into service in less time than six months.

7. We have always understood that were enemy ships put into use they would be navigated under a neutral flag and with neutral crews, so that there would be no greater delay entailed in supervising such ships than in the case of other neutral ships which Switzerland has for some time past been employing.

8. There has come to our attention a letter from Mr. Leverton Harris with reference to this same matter which suggests an argument against permitting Switzerland to charter enemy ships, which argument is not alluded to in the cable from the Foreign Office which you enclosed, but which we think perhaps should be referred to by us. This letter states that the present tonnage situation, while still critical, is not such as to justify the recognition, in the case of enemy vessels, of any transfer of flag which might tend to impair any policy which may be adopted by the Allied Governments in regard to the period following the conclusion of the war, and that it may prove more advantageous to keep enemy vessels in port in an unseaworthy condition, rather than to allow them to be utilized now and thereby facilitate their resumption of trade in Germany's interest on the conclusion of the war.

I feel confident that Mr. Leverton Harris cannot have meant to imply that the tonnage situation is for the near future less critical than it has been in the past. My own information appears to me to be conclusive to the effect that if the present military program of the United States is to be carried out, the shipping situation will be, if anything, more acute than has yet been the case during the course of the War. Furthermore, the War Trade Board feel most emphatically that consideration of post-war trade should not be allowed in any way to interfere with acquisition of the tonnage which may contribute substantially toward bringing the war to a successful and prompt termination.

9. The War Trade Board is in general accord with the view of the Foreign Office as to the tonnage requirements of Switzerland and with the Foreign Office estimate of 120,000 tons deadweight, permitting of the import of approximately 50,000 tons of goods a month. We are also in full accord with the view of the Foreign Office that the Associated Governments must undertake a positive responsibility to place tonnage at the disposal of Switzerland. The relative responsibility to be assumed by the United States, Great Britain and France, as suggested by the Foreign Office, seems to the War Trade Board equitable, although it would desire to give this particular question further study.

10. It is felt that substantial compensation should be secured from Switzerland in consideration of the Associated Governments assuring to Switzerland shipping facilities. Such compensation should, we feel, be in the form of permits to export from Switzerland commodities, such as lumber, required by the Associated Governments and the opening of credits to assist the Associated Governments in making purchases in Switzerland. It is the hope of the War Trade Board that these matters can be adjusted in the negotiations shortly to be opened for a new agreement to replace the agreement between Switzerland and the War Trade Board, which expires on September 30, and the War Trade Board would be happy to receive detailed statements as to the commodities and financial arrangements which the British Government would desire to have stipulated for in this new agreement.

I am [etc.]

[VANCE McCORMICK]

Extension of the General Agreement of December 5, 1917—Discussion of a New General Agreement—Italian-Swiss Agreement, October 23, 1918

File No. 654.119/476

The Secretary of State to the Minister in Switzerland (Stovall)

[Telegram—Extract]

WASHINGTON, September 28, 1918, 2 p. m.

3015. For Dresel [from War Trade Board]. No. 115.

Your 160, Legation 4695, September 12, 5 p. m.¹ You are authorized to write informally to the Swiss Government stating in substance that the War Trade Board will license commodities for export to Switzerland up to and including October 31, 1918, as though the memorandum of December 5 with subsequent modifications were in effect until that date with *pro rata* additions to the contingent set

¹ Not printed.

forth in this memorandum. Such obligations, if any, as may be contained in the agreement to supply shipping, will not, however, be regarded as continuing beyond September 30, the date of the expiration of the memorandum of December 5. It will, nevertheless, be the intention of the War Trade Board, whenever it can do so consistently with the national interests of the United States, to facilitate the shipment of licensed commodities to Switzerland by independent neutral ships which the Swiss Government may be in a position to charter. You will add that the Swiss Legation at Washington some months ago advised the War Trade Board that if shipments of grain could be made to Switzerland at the average rate of 30,000 tons per month from that date, the Swiss Government would be entirely satisfied and would not expect the War Trade Board to make up after September 30, when the new crop would be in, any deficit which might exist in the 240,000 tons of bread cereal mentioned in the memorandum of December 5, 1917. Shipments of grain since that time have been made at the average rate of 30,000 tons per month, the authorities of the United States having allocated for this purpose a substantial amount of American shipping, and it is believed that by September 30, the Swiss Government will have received since December 5, 1917, upwards of 200,000 tons of bread cereal or equivalent in flour. It is, nevertheless, the desire of the authorities of the United States, as a further evidence of its good will toward the Swiss Government and people, to make up any such deficit which may exist, and to accomplish this purpose it is the expectation of the authorities of the United States to allocate to Swiss use subsequent to September 30, 1918, tonnage equivalent to the tonnage of one ship in regular service, which will be employed in transporting to Switzerland bread cereal to make up the deficit above mentioned.

LANSING

File No. 654.119/554a

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, September 28, 1918, 5 p. m.

1682. For Sheldon [from War Trade Board]:

No. 1309. Please show text of following note to British authorities and explain that it is being sent to the American Ambassador at Rome with instructions to show it to his British and French colleagues but not to present it to the Italian Government until these colleagues have had an opportunity to receive instructions to support it from their respective Governments. Please enquire of British authorities whether they will send such instructions. McFadden is

being cabled to take similar steps with the French authorities.¹ Copy of note will be sent to the Italian Ambassador at Washington next Thursday.

My Government has learned with surprise and regret that the Italian Government, without full consultation with the other Allies and the United States, is about to conclude an agreement with the Swiss Government providing for the exportation, among other commodities, of the following: 7,500 pigs; 6,000 quintals eggs; 1,000 quintals poultry; 1,000 quintals fruit and preserved vegetables; 35,000 quintals fresh vegetables; 1,000 quintals chaff of rice; 24,000 tons sulphur; 15,000 bales cotton.

My Government desires to call the attention of the Italian Government to the fact that the independent conclusion of such an agreement by the Italian Government, especially at a time when the War Trade Board of the United States is about to initiate negotiations for a comprehensive rationing arrangement with Switzerland, is entirely inconsistent with the complete cooperation which is so essential to the successful prosecution of the war and is bound to cause much confusion and many misunderstandings between the United States and Italy.

I am also instructed by my Government to point out that should the proposed Italian-Swiss agreement be concluded, Italy would then be exporting to Switzerland commodities similar to those which she is demanding and receiving from the United States. Such a procedure obviously involves the uneconomical use of a substantial amount of tonnage.

The great importance which my Government attaches to this matter prompts me to express the hope that Your Excellency will in the very near future enable me to communicate to my Government the Italian Government's view respecting this matter. I also venture to hope that the Italian Government will see fit to afford an opportunity to the Allies and to the United States to examine the various provisions of the Italian-Swiss agreement and to consider them particularly in their relation to the rationing arrangement which it is proposed to conclude between the War Trade Board of the United States and the Swiss Government and to the requests for supplies made by the Italian Government to the Government of the United States.

LANSING

File No. 654.119/555a

The Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, October 1, 1918, 3 p. m.

5771. For McFadden [from War Trade Board]:

No. 339. Following is text of a letter dated September 28, 1918, signed by McCormick and addressed to the Deputy High Commissioner of the French High Commission.

¹ The telegram on the same date to the Ambassador in France, for McFadden, is numbered 5751. (File No. 654.119/530a.)

I have the honor to acknowledge receipt of your letter of September 25¹ on the subject of the renewal of trade agreements with Switzerland. The War Trade Board has considered with the greatest deference the observations contained in your letter relative to the place of conducting the negotiations with Switzerland which are occasioned by the expiration of the agreement of December 5, 1917, between the War Trade Board and the Government of Switzerland. The judgment of your Government upon Swiss matters has always been regarded by the War Trade Board as entitled to very unusual weight, and it is therefore a matter of satisfaction that we find that in those aspects of the question which appear of the most fundamental importance, the views of M. Lebrun are in substantial accord with those of the War Trade Board.

We first of all agree that the new Swiss arrangement should be inter-Allied in character, and not the mere isolated act of one of the Associated Governments.

We further agree that Paris is the point at which information is best obtainable as to what are the demands which the Associated Governments should make of Switzerland. The most important of these demands will, we believe, relate to lumber and manufactured goods and credits with which to finance purchases in Switzerland. We fully agree with M. Lebrun that this program must be studied before it is presented to Switzerland. Not only so, but we agree that it should be studied at Paris, which is admittedly the point at which the program of Allied requirements can best be worked out. It is our hope that the French Government in collaboration with the representatives of the Associated Governments will at once inaugurate the working out of such a program on which the Associated Governments can agree prior to the presentation thereof to Switzerland.

When this program has been worked out, we feel, however, that it should not be presented to the Swiss Government at Berne or Paris, or, indeed, that any Allied demand should be presented at all as the initial step of a negotiation. We are very firmly of the opinion that the negotiation should be made to take the form, not of demands by the Associated Governments on Switzerland, but rather a request by Switzerland for ships, wheat, cotton, etc., to the granting of which request, after it is made, the Allied program will be attached as a condition. Were the Associated Governments to send representatives to Berne, or even to Paris, as suggested, it will, we conceive, be difficult to prevent ourselves being put in a position of the initiating party seeking material gains from Switzerland. On the other hand, if we wait the sending out by Switzerland of delegates to seek means to sustain Switzerland's economic life, then we will secure a greater moral advantage in the negotiation. If such delegates are sent, they would naturally come to Washington, where it so happens that for the past year the Swiss Government has been asking and obtaining the ships, foodstuffs, and raw materials on which her national life has depended. There has thus gradually been created at Washington, during the past months, an atmosphere which we believe cannot but be most conducive to a satisfactory negotiation and we believe

¹ Not printed.

that it is at Washington that the Associated Governments can most readily secure what they require as a condition to acceding to the pleas for relief which Switzerland will there renew.

It is, of course, to be understood that negotiations held at Washington would be inter-Allied in character and that a representative of the French Government should be an active participant in all discussions. It would further be the purpose of the War Trade Board to keep in the foreground of all discussions the predominant position occupied by France with respect to Switzerland, in that, among other things, it is only by French consent that port and railroad facilities are made available to transport commodities to Switzerland. It would accordingly be clear in our minds, as in those of the Swiss delegates, that no ration for Switzerland should be determined upon, unless fully approved in advance by the French Government. It is, indeed, our opinion that the Allied views relative to a ration for Switzerland should at once be worked out at Paris or Berne, where committees familiar with the rationing of Switzerland have their seat, and where information as to Swiss needs is most readily available.

I shall appreciate it, my dear Mr. Commissioner, if you will transmit to your Government the views of the War Trade Board as above expressed. May I also ask that you make very clear that the suggestion that negotiations be held at Washington is not prompted by any selfish thought of enhancing the prestige of the United States, least of all at the expense of France, whose noble sacrifices, to which you refer, and whose accomplishments confer a prestige which no mere possession of physical resources can approach? Our suggestion is based purely on the belief that by permitting the Swiss negotiators to come to what happens to be the source of the greater part of what they will desire, we can more effectively accomplish those practical results which the Associated Governments may wish to attain. We further are confident that the negotiations can be conducted in this manner without prejudice to the peculiar rôle of France toward Switzerland, which the War Trade Board freely recognizes.

LANSING

File No. 654.119/549

The Minister in Switzerland (Stovall) to the Secretary of State

[Telegram]

BERNE, October 3, 1918, 6 p. m.

[Received October 5, 10.10 a. m.]

5026. For War Trade Board [from Dresel]:

No. 199. Your 115, Department's 3015, September 28, 2 p. m. Have communicated to Swiss Government by informal letter and in conversation substance of second paragraph your cable. Sulzer objects emphatically to implication that he in any way waived alleged obligation to deliver 240,000 tons of foodstuffs and claims that he always insisted on it, having no authority to do otherwise. He states that only express or implied assent he gave in this con-

nection was not to press for deliveries of more than 30,000 tons though at first he was given to understand that the rate of 30,000 tons monthly would be substantially exceeded from July 1. Construes communication made according to your cable, to mean that 30,000 tons would [not] be shipped in October and states that this omission will have serious effect.

Swiss Government claims that according to figures furnished by Swiss Legation actual shipments by United States of bread cereals and flour have only amounted up to September 26 to 157,000 tons. To these figures should be added 30,000 tons shipped on Spanish vessels chartered by Swiss, but according to Swiss view tonnage to compensate for this should be granted by United States as these ships by their use for food transport are not able to transport other important cargoes.

The Swiss authorities continue to lay great stress on what they call the critical food situation and state that the daily bread ration of 125 grams is insufficient and that great suffering exists especially in industrial centers with particular reference to fact that main food staples of laboring classes are bread and potatoes. In this connection I call attention to the spread of Bolshevik doctrines here which gain ground in proportion to the hunger of the people. I am endeavoring to investigate the food situation fully and shall cable shortly a *résumé*. Dresel.

STOVALL

File No. 654.119/555

*The Acting Secretary of State to the Chargé in Great Britain
(Laughlin)*

[Telegram]

WASHINGTON, October 12, 1918, 2 p. m.

1957. For Sheldon [from War Trade Board]:¹

1397. Embassy's 2602, October 8, 6 p. m., your 1614.² Stewart has cabled us that the Italian Foreign Office was greatly embarrassed by our request that the execution of the new Italian-Swiss agreement be postponed, [pointing out]:

- (1) That the new agreement will have the effect of materially reducing the exportation of Italian foodstuffs to Switzerland, a result much desired by Italy on account of her own needs;
- (2) That the new agreement has been under negotiation for over four months and would only run to June 1, 1919;

¹ See last paragraph for instruction to repeat to Dresel and McFadden, War Trade Board representatives at Berne and Paris.

² Not printed.

- (3) That the new agreement will secure utilization of Swiss cotton stocks in Italy;
- (4) That Swiss have consented to all reductions demanded by Italy and that Foreign Office is greatly embarrassed by our request to insert new conditions.

In view of these considerations and the facts hereinbelow set forth, we have cabled Stewart that we had withdrawn our request. We requested him in that connection to point out that our desire to be consulted in this matter was based upon the view that such consultation would secure objects of common interest to Italy and her cobelligerents. We are heartily in accord with the desire of Italy to reduce her foodstuff exports to Switzerland and to secure the utilization of Swiss cotton stocks in Italy. It was our hope, if these matters could be taken up as part of the new agreement to be negotiated with Switzerland, to secure for Italy an amount of bread and raw materials to support her people and maintain her economic life, and shipping facilities to transport same. We could have secured for Italy the entire amount of Swiss cotton held in Italy and also Italian lumber requirements, and this could have been acquired without Italy exporting to Swiss foodstuff which must be replaced by United States. We also had in mind that cotton exports from Italy to Switzerland must be replaced by shipping subject to submarine dangers, whereas we could have offered Swiss replacing cotton from this country which could have been transported under German safe conduct. We have urged Stewart, after having informally advised his French and British colleagues of the considerations herein set forth, to advise the Italian Foreign Office of the withdrawal of our request, explaining that our interest in the Italian-Swiss agreement was entirely sympathetic and was predicated upon the desire of assisting Italy to the greatest possible extent.

Repeat this cablegram to Dresel as a reply to his 207, Legation's 5074, October 7, 9 a. m., to us,¹ and also to McFadden.

POLK

File No. 654.119/556

The Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, October 15, 1918, 3 p. m.

5909. For McFadden [From War Trade Board]:

No. 375. Your 466, Embassy 4349, October 7, 11 p. m.¹ We are happy to note that the Blockade appears to be satisfied with our views as to place of holding Swiss negotiations as expressed in our

¹ Not printed.

note to French High Commission, Washington.¹ It would be entirely agreeable to us that after negotiations here have been completed and agreement prepared, it be sent to Paris to be contemporaneously ratified by the Associated Governments and the Swiss Government.

LANSING

File No. 654.119/571

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, October 13, 1918, noon.

[Received October 16, 6.33 p. m.]

5438. War Trade Board [from McFadden]:

No. 506. As a result of joint discussion between the Blockade, Dresel, and ourselves it was suggested, in view of political and military situation with possibilities of peace by 1st January, that under the circumstances it might be advisable to—

(1) Postpone for the present the preparation of programme and negotiations in connection with the new Swiss agreement, as, in the event of peace, the compensations or commercial concessions which would be required of the Swiss, in consideration of the contingent which, under any circumstances, will be required by Switzerland, would be of quite a different character than those required in the event of war continuing; for example, in the event of peace,—

- (a) The French, British and possibly ourselves will desire to make a reciprocal and preferential trade agreement with Switzerland;
- (b) Restrictions as regards trade between Switzerland and enemy countries where commodities, raw materials or manufactured articles made therefrom originated in the countries of the Associated Governments;
- (c) Concessions as regards the use of German railways or water routes, especially the Rhine route, so far as concerns shipment of materials to and from Switzerland [for] Associated Governments;
- (d) Various other questions or concessions which will develop in the course of the next few months and which you may wish to consider in preparation of the new agreement.

(2) It is thought an arrangement can be made with the Swiss Government by which existing French-American-Swiss and French agreements may be extended until 31st December 1918, the contingent, etc., required by Switzerland being regulated and based on the monthly quantities allocated under the old agreement. In this connection we would point out that lumber and agricultural agreements will not expire until 31st December 1918 and the British agreement not until 30th January 1919, and the Blockade think under any cir-

¹ See telegram No. 5771, Oct. 1, to the Ambassador in France, *ante*, p. 1649.

cumstances it would be better for the new agreement to date as of 1st January 1919. Furthermore the C. I. C. [*Inter-Allied Committee on Contingents*] Statistical Bureau is based on quarterly periods, the first period beginning the 1st January of each year, and it would simplify the preparation of statistics and regulation of contingent if the agreement was made [as] of 1st January. Please advise your views.

SHARP

File No. 654.119/583

The Minister in Switzerland (Stovall) to the Secretary of State

[Telegram]

BERNE, October 23, 1918, 12 a. m.

[Received October 25, 11.27 a. m.]

5353. For War Trade Board [from Heck]:

No. 231. Your telegram 1396 [1397] of October 12, 1 [2] p. m., for Sheldon. Am advised by Italian delegate that the new Italo-Swiss agreement is being signed to-day in view of instructions transmitted to Stewart to withdraw request for delay. Heck.

STOVALL

File No. 654.119/571

The Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, October 25, 1918, 4 p. m.

6025. For McFadden [from War Trade Board]:

No. 397. Your 506, Embassy 5438, October 13, noon. We are strongly of the opinion that it would be most unwise to take any action in respect to Swiss negotiations which would create in the Swiss mind the opinion that we thought peace to be imminent. Such an impression if created in Switzerland would at once be communicated to Germany and might produce most unfortunate consequences. We believe that our attitude towards Switzerland should be such as to create the impression that we fully believe the war may still continue indefinitely. We consequently feel that there should be no interruption in the present preparation of a program for use in the Swiss negotiations.

In the event of a cessation of hostilities and subsequent opening of peace negotiations, there will still be ample opportunity to conclude, if it seems desirable, a new agreement which will take into account the probable peace situation. Switzerland's dependence upon the Associated Governments will not terminate with the conclusion of the war, and even after peace, she will desire special concessions, upon the granting of which suitable conditions may be imposed. We say the foregoing without intending, however, to commit ourselves in

any way to a policy of preferential postwar economic agreements, or to the particular provisions which your cable suggests might be regarded as desirable.

With reference to the date when the new agreement shall become operative, we are disposed to agree to January 1, feeling that however actively the negotiations are pushed they can hardly be concluded so as to make the agreement effective before this date.

LANSING

File No. 654.119/609e

The Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, November 4, 1918, 7 p. m.

6162. For McFadden [from War Trade Board]:

No. 418. Repeat the following to Berne. We have advised Oederlin that we will postpone discussion of the proposed extension of the Swiss agreement until the arrival of Doctor Sulzer. Sulzer is expected here momentarily. We will cable you further.

LANSING

War Trade Board Files: Shipping and Tonnage, Switzerland, Vol. II

The French Deputy High Commissioner (De Billy) to the Chairman of the War Trade Board (McCormick)

WASHINGTON, November 5, 1918.

DEAR MR. CHAIRMAN: Pursuant to conversation between yourself and Major Grimpel I beg to inform you that I have received the following information from my Government.

The Swiss Legation in Paris has informed the French Government that the German Government has declared its willingness to charter to the Federal Government four German ships at present in Spanish ports, and of 30,000 tons capacity. The charter of two of these vessels is limited to ten months; after that they would be replaced by some German ships at present in the Dutch East Indies; the charter of the other two ships would last till the conclusion of peace. These vessels would sail under the Swiss flag, and could under no pretext be employed in the interests of any belligerent nation.

The Federal Government requests us to refrain from stopping, seizing, carrying off or interfering in any way with these ships or their cargoes, and to give the assurance that these boats will obtain the coal and supplies that they need in their ports of call, in order that they may complete their voyages and return to Germany on the conclusions of peace. Finally the Federal Government requests that the French Government shall permit the transit of the goods im-

ported by these ships. The same request has been presented simultaneously in London, Paris and Washington.

The French Government is answering the Swiss Legation that they can not at this time consider any combination which would allow an enemy Government to dispose of ships flying its flag and which are in refuge in neutral ports. They at the same time request me to ascertain the views of the American Government, and I shall be obliged if you would kindly let me have the same.

I am [etc.]

BILLY

File No. 654.119/624a

The Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, November 7, 1918, 5 p. m.

6203. For McFadden [from War Trade Board]:

No. 429. Dresel and Major Moore are now here and Sulzer has been here for several days and is pressing for opening of negotiations. We accordingly desire from you at the earliest possible moment the result of the studies which have been made by British, French, and yourself at Paris on various points involved in these negotiations such as extent of lumber requirements, financial credits, etc., which it is desired we negotiate for and also estimates as to rations which can safely be offered to Switzerland. We feel that through your previous cables and Sheldon's, and data which Dresel has, and as result of our own studies, we have greater part of this information but we desire your confirmation. On November 4, we submitted to British Embassy and French High Commission a tentative memorandum expressing our views as to bases of negotiations and we expect to discuss this with them further today. We have, however, in no way opened negotiations with Swiss as yet, although this cannot now be deferred longer.

LANSING

War Trade Board Files: Shipping and Tonnage, Switzerland, Vol. II

*The Chairman of the War Trade Board (McCormick) to the French
Deputy High Commissioner (De Billy)*

WASHINGTON, November 11, 1918.

MY DEAR SIR: I have your letter of November 5, relative to the possible acquisition by Switzerland of enemy ships in neutral ports, particularly Spain. You state that your Government is advising the Swiss Legation that it can not at this time consider any arrangement whereby ships under enemy flag may be transferred to neutrals. The views of the War Trade Board, an expression of which

you request, are that it would be unwise at this time to consent to any such transfer as is proposed.

I am [etc.]

VANCE McCORMICK

NEGOTIATIONS WITH SPAIN CONCERNING EXPORTS AND SHIPPING

Conclusion of the Spanish-American Trade Agreement and Spanish-French Financial Agreement, March 7—Difficulties in Securing Their Execution

File No. 652.119/404a

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, January 8, 1918, 7 p. m.

818. The War Trade Board is now withholding licenses for practically all commodities destined for Spain in accordance with your previous instructions.¹ There are more than 2,000 applications now on file for licenses which the Board is withholding, including among others 811 applications for \$2,500,000 worth of metals, machinery and instruments, 528 applications for \$1,500,000 worth of chemicals, drugs and dyestuffs including explosives, and 270 applications for \$2,000,000 worth of food and feed stuffs, and smaller amounts of miscellaneous commodities representing an aggregate value of \$6,500,000.

Could you not bring sufficient pressure to bear by the withholding of licenses for only cotton and oil and allow the War Trade Board to grant licenses for all other commodities in accordance with the usual process? The strict embargo on all commodities will be maintained if you think it is necessary but it is felt that you may be able to bring sufficient pressure to bear by withholding only cotton and oil or at least by withholding a more limited number of commodities.

Please advise us immediately with regard to this matter.

LANSING

File No. 652.119/410

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, January 11, 1918, 6 p. m.

[Received January 12, 2.10 a. m.]

987. Department's 818, January 8, 7 p. m. Embassy firmly of opinion, in which Major Belmont concurs, that for any licenses for

¹ See Department's telegrams Nos. 769, Dec. 1, 1917, and 812, Jan. 2, 1918, *Foreign Relations*, 1917, Supplement 2, vol. II, pp. 1216 and 1228-30, respectively.

embargoed articles to be issued by War Trade Board would be fatal to pending negotiations. That Spain has been able until the last few days to secure export permits for all she desired from the United States notwithstanding embargo, has created feeling here that our embargo was not real. Spain is just beginning to appreciate her position and the need of coming to terms with us.

WILLARD

File No. 652.119/435

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, *January 16, [1918,] 11 a. m.*

[*Received January 17, 11.45 a. m.*]

999. Department's 824, undated.¹ Embassy has designated Major Belmont, American Expeditionary Force, and Archer Huntington to represent it in negotiating tentative draft of commercial agreement between Spain and Board for the purpose of securing supplies for Army in France along lines indicated in Department's several telegraphic instructions.

Minister for Foreign Affairs has designated Under Minister of Hacienda and Marqués Urquijo, leading Madrid banker, to represent Foreign Office. These four parties will hold joint meetings with two delegates of French Government. It has been made perfectly clear to Minister for Foreign Affairs and French Ambassador that no agreement shall have any binding effect upon this Embassy or the Government of the United States until submitted to and approved by the Department. The American, French, and Spanish delegates will discuss whether it will be best to have one agreement executed by France and the United States on one side and Spain on the other, or to have France and the United States execute separate agreement with Spain.

Have this morning presented Belmont and Huntington to Minister for Foreign Affairs who also presented his delegates to me and to my delegates. These four gentlemen will confer with the French delegates and hold [their] first joint meeting this afternoon. The Department will be kept fully and promptly informed concerning progress of these negotiations.

WILLARD

¹ Not printed.

File No. 652.119/475

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, January 28, 1918, 2 p. m.

[Received January 29, 6.15 a. m.]

1025. Department's 848, January 26, 11 a. m.¹ Belmont replies as follows:

In very general way tonnage question has been discussed here and should be taken up later by competent representatives [familiar with?] practices now in force in the United States. Certain facilities apart from agreement now under consideration are likely to be secured at a northern port, but in meantime whatever use you have made of bunker licenses to influence routing and obtaining tonnage should be used discreetly as suggested in Embassy's 1007, January 20, 6 p. m. [21, 10 a. m.]¹ Had no intention of conveying advice to make sweeping use of bunker coaling as pressure. This would irritate and embarrass situation. Advantageous moment in view of sinkings of Spanish ships to get into closer relations. Belmont.

WILLARD

File No. 652.119/477

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, January 27, 1918, 9 p. m.

[Received January 29, 7.12 a. m.]

1023. Belmont and Huntington report following outline as so far agreed to and believe full text will be ready early part of week.

Permits to be issued at once good for purchases made for American Expeditionary Forces: 300,000 blankets, 4,000 tons onions, 2,000 tons raisins, 2,000 tons rice, 20,000 pounds castile soap, 20,000 gallons oil, 20,000 saddle blankets, 240,000 yards canvas. Impossible to secure lumber or ties. Railroads effectively oppose latter. Shortage of beans excludes them. Grease, insufficient surplus. Permission for exportation of mules refused owing to exhaustion of supplies by the Allies. [Export permitted,] without restriction as to destination or quantities, of lead, zinc, copper and other minerals, and manufactured wool. Following limited by home requirements: manufactured cotton, hemp, jute, hides, raw and manufactured, rice, raisins, onions, olive oil, rolling stock, and all conveyances used in transportation where American material enters into construction.

United States agrees to permit export of cotton and petroleum for home requirements only, to prevent accumulation of stocks. Cotton

¹ Not printed.

export will begin March 1, 35,000 bales per month; petroleum products, May 1, 3,500 tons per month. Other purchases in the United States are not so far limited but all are dependent upon United States' own requirements and those of co-belligerents.

First and most important, relief should be extended to railways, particularly motive power. Transportation already dangerously demoralized through deteriorating. This threatens exports of pyrites, lead and all products heretofore used by the United States and co-belligerents for war material, stoppage of which would be fatal and furthermore result in industrial chaos and revolution. Cannot urge too strongly immediate consideration of these subjects pending receipt of final draft, the consideration of which and prompt decision is necessary for the relief of these acute conditions. The policy of supporting the [efforts] of the French delegates to secure credits in Spain and agreements as to exports, and holding our ratification to synchronize with theirs, is being [pursued] in conformity with what is understood to be the policy of the Department. To what limit this should go, instructions are requested, as success on the part of the French is by no means certain and time before elections is growing short. After election [questions?] could [not?] escape submission to Cortes, nor is it likely Ministry would be as friendly. The case is therefore urgent. Tonnage questions developed too wide a range to permit consideration for agreement at this time, but Spanish Government would take up the question of *entente* on this subject after present contemplated agreement is disposed of. This our suggestion to delegates and agreed to. Expressions of mutual cooperation and reciprocal good will and intentions carefully [conveyed] to assist its favorable reception by Spanish public.

In *pourparlers* for concessions for lumbering in Spanish forest north of Pyrenees accessible to French rail transportation, as possible relief to lumber requirements, also for facilities at Spanish port in northern Spain. Will recommend investigation by American Expeditionary Force engineers [of] lines of communication.

WILLARD

File No. 652.119/484

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, January 29, 1918, 5 p. m.

[Received January 30, 4.10 a. m.]

1028. Belmont just returned from interview with the Minister of Finance, reports as follows:

Final ratification of (agreement?), which would include the French requirements, seems now to hinge on having a provisional arrangement covering one or two months by which [*providing for?*] the release of Spanish vessels now detained in United States ports. No statistics showing how many Spanish vessels are now detained in United States ports. Claimed here there are 31 for one cause or another. Can we assure such provisional release?

Embassy approves provisional release of Spanish vessels only upon execution of definite [agreement with] France [on understanding that Spain] would be permitted such arrangement pending negotiations for the final adjustment of the present situation respecting detentions in the United States which Spain finds vexatious. Minister of Finance, with some elements of truth, stated that entire (agreement?) concerning exports would be worthless without ships to convey cotton, oil, etc., to Spain. [France has failed to?] secure Spanish credit for which her delegates are now negotiating; and [Embassy] is of opinion that unless France can secure such credit it will eventually become necessary for the United States to finance France's purchasing here. Therefore Embassy respectfully suggests instruction that it give Foreign Office assurances of release of Spanish vessels under conditions above set out.

WILLARD

File No. 652.119/484

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, February 1, 1918, 4 p. m.

858. Your 1028, January 29, 5 p. m. According to our records number of vessels held much exaggerated. Eleven Spanish vessels licensed during January, whereof two during last 48 hours. We are willing to sanction provisional agreement for one or two months whereby bunkers will be given to all Spanish vessels on terms suggested by your 1028 which we understand to be simultaneous execution of definitive agreement between Spain and France covering all matters desired by France including credits. We are willing to agree to above standing alone or provisional agreement might also include following provisions:

- (1) Spain to license articles mentioned in your 1028, which list omits many articles of great importance such as lumber;

- (2) United States to license freely subject to Allied war needs all articles needed by Spain for her own consumption except cotton and petroleum products and as to these such limited amounts will be licensed for shipment during next 30 days as you may agree.

Definite agreement should include all articles desired by Pershing and which he regards as obtainable and must cover agreement as to shipping and finances in regard to both of which we are cabling separately.

LANSING

File No. 652.119/541b

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, February 2, 1918, noon.

862. Referring further to Embassy's 1028, January 29, 5 p. m. We strongly feel that in view of our adherence to the policy of including in all our negotiations for rationing of the northern neutral countries their chartering to the United States a part of their total shipping tonnage, that it would be an error of judgment to go forward with the Spanish negotiations without including tonnage negotiations of a similar character in these provisional arrangements. The total tonnage of Spain is 750,000 gross or about 1,000,000 tons deadweight.

We propose, after deducting tonnage required for Spain's own national existence estimated to be 300,000 tons, that the balance of her shipping [shall] be chartered to the United States; one-third of this tonnage under charter to run to Europe and the Atlantic islands, one-third to be used for Swiss Government needs under safe conduct, and one-third to be used outside of Europe and the Atlantic islands, the charter rates to be the same as those expressed in the Danish-American proposals which are 35 shillings for trades outside Europe and the Atlantic islands and for vessels running to Europe, the rates to be as follows:

Up to 500 tons deadweight, 58 shillings;
Up to 1000 tons deadweight, 54 shillings;
Up to 2300 tons deadweight, 49 shillings;
Up to 4000 tons deadweight, 46 shillings 6 pence;
Up to 6000 tons deadweight, 43 shillings 6 pence;
Over 6000 tons deadweight, 41 shillings 6 pence.

We are strong in the belief that a definite requirement of these negotiations should be the chartering of the tonnage above mentioned to the two Allied nations, and unless this is possible prefer to see the basis of the permanent agreement postponed somewhat until Spain feels more definitely the need of coming into an agreement with us. Cable your views.

LANSING

File No. 652.119/541c

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, February 2, 1918, 5 p. m.

864. Your 1029, January 30, 10 a. m.¹ Pending your consideration of the Department's No. 858, February 1, 4 p. m., and the supplemental cables on finance and shipping and pending Department's mature and detailed consideration of the tentative agreement you submit, the following provisional observations are made for your consideration:

1. The agreement appears to grant to Spain for this year practically all she will desire and could obtain from us. This leaves us in a very weak position if shipping and financial matters are to be made the subject of subsequent and separate negotiations. It is suggested either that the present agreement should comprehend these matters or that the clause relative to the United States permitting exports of cotton and petroleum be limited in operation to one or two months, renewal thereof to be subject to the conclusion of a satisfactory agreement on shipping and financial matters.

2. As you state, the agreement on its face is most advantageous to Spain and the United States would be justified in adopting it only if by reason thereof France secures important concessions otherwise unobtainable by it. Please inform us as to the French demands and the extent to which they will be met.

3. It is felt that 35,000 bales of cotton per month is excessive if designed to meet Spain's internal needs, which according to our information, should not exceed 25,000 bales per month. If, however, the 35,000 bales will in substantial part be reexported to France in the form of manufactured goods, the figure may be proper.

4. The failure to secure authorization to export lumber to France is regarded as unfortunate unless it is definitely established that no suitable timber exists.

LANSING

File No. 652.119/508

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, February 4, 1918, 3 p. m.

[Received February 5, 10.05 a. m.]

1042. Department's 864, February 2, 5 p. m., and Embassy's 1041, February 3, 3 p. m.² Tentative agreement Embassy's 1029,

¹Not printed; it conveys the full text of the draft agreement summarized in telegram No. 1023, Jan. 27, *ante*, p. 1660. Except for slight revisions, correspondence concerning which is omitted, the draft is identical with the final text ratified Mar. 7, *post*, p. 1671.

²The latter not printed.

January 30, 10 a. m.,¹ does grant Spain practically all she desires according to agreement, but in return therefor it secures (article 1) unrestricted exportation of those commodities which are absolutely necessary to our co-belligerents. Ratification of this agreement is conditioned on simultaneous ratification of French-Spanish financial agreement now under negotiation. Embassy is of opinion that establishment of credit here is vitally essential to French, and if not obtained that United States must either make France sufficient loan to enable her to continue her purchases here or supply her wants directly from the United States. Spanish good will should also be considered in this connection.

Approached Minister of State this afternoon in regard to chartering Spanish shipping above national necessities (Department's 862, February 2, noon). He would express no opinion on subject but stated he would consult Minister of Hacienda and Minister of Marine and inform Embassy. Moreover, he showed great unwillingness to include in tentative agreement any further provision concerning shipping but wished to follow procedure set forth in article 13, stating that if this article was changed, all other conditions of agreement would be changed. At this point it was again impressed upon the Minister for Foreign Affairs that our agreement would not be ratified until the conclusion of French-Spanish agreement. Embassy has not been instructed concerning financial matters other than that it was to support French financial negotiations. French are endeavoring to secure credit of 40,000,000 pesetas per [month] for next eleven months, and French Ambassador states that they will not accept a less amount. Embassy thinks 35,000 bales of cotton per month is amply sufficient for Spain's needs although a substantial part of this will be re-exported to France in manufactured goods. Belmont claims to have covered in tentative agreement all commodities needed for Pershing which can now be purchased in Spain and that there is no lumber immediately available in Spain.

Pending the conclusion of French negotiations, Embassy ventures to reiterate suggestions contained in its 941² and that in the event of failure or inordinate delay of such negotiations that *modus operandi* suggested in Embassy's 960, December 29, 11 a. m.,³ be rigorously enforced.

WILLARD

¹ See footnote 1, *ante*, p. 1664.

² Not printed.

³ *Foreign Relations*, 1917, Supplement 2, vol. II, pp. 1225-1226.

File No. 652.119/507

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, *February 5, 1918, 11 a. m.*

[Received February 6, 1.53 a. m.]

1047. Supplementing Embassy's 1042, February 4, 3 p. m., and referring directly to Department's 862, February 2, noon. It should be borne in mind that Spain does not stand in the same relation to Central Powers as do northern neutral powers, and that you can not deal with Spain unless her racial pride is considered. She will never submit to rationing as suggested nor does Embassy feel that she will agree to charter her shipping above national necessities. If the Department decides to postpone permanent agreement until Spain feels more definitely necessity of coming to agreement with us, such policy will be valueless so long as Spanish Ambassador at Washington is able to secure permits to export all commodities needed in Spain, notwithstanding our embargo, as is currently reported here.

WILLARD

File No. 652.119/518

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, *February 7, 1918, 5 p. m.*

[Received February 8, 6.13 a. m.]

1052. Referring to the Embassy's No. 1049, February 5, 11 a. m. [*p. m.*]¹ French financial delegate Lasteyrie, associate of Mauclère, leaves to-night for Paris, Spanish conferees having declined further to discuss French-Spanish financial agreement pending Department's final decision concerning our tentative agreement (Embassy's 1029, January 30, 10 a. m.²).

Lasteyrie frankly stated that France is without money or securities and that unless she can obtain credit, she must stop all purchases in Spain.

WILLARD

File No. 652.119/521

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, *February 8, 1918, 9 p. m.*

[Received February 8, 4.26 p. m.]

1053. Embassy's 1052, February 7, 5 p. m. Upon learning yesterday of Lasteyrie's proposed departure, the King immediately sent

¹ Not printed.² See footnote 1, *ante*, p. 1664.

for him, and, according to French Ambassador, stated that the United States was trying to force Spain to inject the shipping and tonnage question into Spanish-American agreement; that if United States insisted, both Spanish-American and French-Spanish negotiations were at an end; but that if, however, this point was dropped by the United States he would do his best to secure ratification of French-Spanish agreement and did not doubt but that he would be successful.

WILLARD

File No. 652.119/541

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, February 11, 1918, 10 a. m.

[Received February 12, 8.32 a. m.]

1058. Last night the King sent confidential message that detention of Spanish vessels in American waters was being construed in certain circles here as exercise of compulsion on our part in connection with pending commercial and financial agreements and that such continued detentions would be impairing his ability to assist in securing French credit and ratification of French-Spanish financial agreement, Embassy's telegram 1053, February 8, 10 a. m. [9 p. m.] He therefore asked release of this shipping.

Referring to confidential comments 1029, January 30, 10 a. m.,¹ Embassy ventures to recommend, as a provisional measure and for the purpose set forth in article 13 of the tentative agreement under consideration [release of] shipping now detained in American waters and to request prompt instructions so to inform King. Embassy is grateful for instructions contained in Department's 875, February 7, 7 p. m.,² and is securing thereby French-Spanish financial agreement. In the above suggestion and otherwise Embassy is exercising every endeavor to secure agreement. However, in event of failure it will then become absolutely necessary to enforce United States embargo notwithstanding untrue statement which will be made that such action will bring about revolution. If revolution comes to Spain it will be direct result of her own internal policy and not the result of our legitimate and even liberal attitude, of which she has had full vindications and which she will have deliberately defied. However, Embassy is carefully watching interior conditions and shall keep the Department advised promptly and fully.

WILLARD

¹ See footnote 1, *ante*, p. 1664.

² Not printed; after proposing certain changes in the draft agreement, the telegram concluded: "With these changes incorporated you may ratify agreement . . . if and when French-Spanish agreement executed." (File No. 652.119/488.)

File No. 652.119/566a

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, February 19, 1918, 9 p. m.

896. Referring your Nos. 1058 and 1073.¹ There are no Spanish steamers held. *Adolfo, Jacinto Verdaguer, Miguel Jover, Andalucía, Cataluña* are awaiting licenses for portions of cargo such as cotton. Export licenses will be granted immediately upon Spain's signing the agreements with the French and United States, their cargoes to count as a part of the monthly quotas provided for in article 4. This would permit all Spanish vessels to proceed immediately upon signing agreements. You may give assurances to the above effect in whatever manner is necessary to help prompt closing of agreement. During two months from date of signing of the agreement no detention of vessels will be enforced whose cargoes do not involve a violation of the terms of the agreement or unless vessels have violated any of the regulations imposed by United States authorities on all neutral tonnage clearing from American ports. You may rest assured there is no discrimination against Spanish tonnage pending definite agreement to be arrived at as provided in article 13.

LANSING

File No. 652.119/560a

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, February 21, 1918, 2 p. m.

899. In view of the prospective resumption on a considerable scale of shipments to Spain, it is felt that some organization must be created to assure a proper distribution of these goods, making certain that concerns working on Allied orders receive their full requirements. Certain serious dangers are felt to exist such as—

- (1) That articles of small bulk and of high value may be transhipped to Germany by submarines;
- (2) That stocks of cotton, petroleum and other important commodities will be accumulated in Spain in German interest;
- (3) That American goods may, by reconsignment or distribution, become available to enemy concerns which will remit to Germany or employ in her interest the profits arising from utilizing such American goods;
- (4) That Spanish ships clearing for Italy and other Allied ports may discharge their cargoes in Spain, thereby avoiding rationing limitations on cotton and petroleum and our own principles of conservation.

¹ No. 1073 not printed.

The War Trade Board suggests the appointment by it of a representative in Spain who, acting under the guidance of the Department and yourself, will create an organization presumably of an informal character to guard against the foregoing dangers. The War Trade Board would issue no license to export to Spain without previously communicating with this representative and securing his recommendation.

It is recognized that any such control must be exercised with great tact to offend as little as possible the sensibilities of the Spanish, but some such supervision is regarded as essential in view of definite and cumulative evidence of the reality of the dangers above referred to. Our pending agreement with Spain by virtue of its clauses providing for exportation from the United States only to meet Spain's internal needs and providing against accumulations, impliedly recognizes the rights of the United States to assure itself on these matters prior to granting export permits. Please cable your views on the foregoing, and it is suggested that you discuss the matter informally with your British and French colleagues.

LANSING

File No. 652.119/567

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, February 23, 1918, 5 p. m.

[Received February 24, 6.37 a. m.]

1088. Substance of Department's 896, February 19, 9 p. m., communicated to Minister for Foreign Affairs by note; he replies as follows:

It seems clear from the declaration submitted that Spanish vessels which remain in American ports do so of their own free will but in view of the importance of the matter His Majesty's Government considers it necessary in order to avoid all misunderstanding to learn the exact character and significance of Your Excellency's communication. Therefore I would be greatly obliged if you would be so kind as to inform me whether in case any or all of the Spanish vessels actually in American ports desire to sail, except naturally, those desiring to take cargo for which export licenses have not been granted, they may leave freely with permission to take coal and provisions necessary for the voyage without the United States authorities imposing any conditions for the voyage or any obligations for the future. His Majesty's Government has the greatest interest regarding these points since, in case the preceding inquiry receives an affirmative answer, all doubt will be removed as to the detention direct or indirect of Spanish ships in American ports.

As Department's 896, to which reference is above made, is not clear on this point, Embassy requests definite instructions as to its reply to Minister of Foreign Affairs.

WILLARD

File No. 652.119/567

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, February 26, 1918, 8 p. m.

915. Your 1088, February 23, 5 p. m. All Spanish vessels in American ports desiring to sail may leave freely and bunker licenses will be granted and without the imposition of any conditions. The foregoing does not include permission to take cargo for which export licenses have not been granted or have been revoked. This is in accordance with our previous cables which we regret were not fully understood.

LANSING

File No. 652.119/605

The Acting Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, March 5, 1918, 6 p. m.

6772. Following telegram, dated March 2, has been received by the Department from the American Ambassador at Madrid:

French Embassy requests Department be informed that matter of Spanish exterior *rentes* in which Spanish Government is much interested, is being withheld from French-Spanish agreement and for future consideration in connection with English credit. Embassy approved of this course and is strongly of opinion that French-Spanish agreement will be irretrievably lost if question of English credit is injected therein. Embassy stands ready to ratify Spanish-American agreement as modified by Department's 914, February 26, 8 p. m.¹ English are apparently desirous to delay ratification and to reopen negotiations.

Department has been advised by the French representatives here that the French-Spanish agreement has been ready for signature by the Spanish Prime Minister since February 28.

Department wishes you to make representations to the British Government to the effect that this Government considers it highly desirable that ratification of the French-Spanish and Spanish-American agreements be no longer delayed. Please report at once by cable result of your representations.

POLK

¹ Not printed.

File No. 652.119/623

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, March 6, 1918, 11 p. m.

[Received (March 7?) 3.33 p. m.]

8923. Your 6771 [6772], March 5, 6 p. m. I discussed this matter today with Lord Robert Cecil who assures me that the only interest the British Government had in postponing the conclusion of negotiations was to bring up the question of Spanish shipping before they were finished in order to exercise pressure on Spain to release all the tonnage possible for Allied needs. Now that the British Government is informed that it is too late to do this since both the French and American agreements are ready for ratification, Cecil informs me that Lord Reading has been instructed by telegraph to ask you to do what you can to obtain the Spanish tonnage in some other way.

PAGE

File No. 652.119/628

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, March 7, 1918, 2 p. m.

[Received March 8, 6.35 a. m.]

1118. American-Spanish commercial agreement and French-Spanish commercial financial agreement simultaneously ratified today by exchange of identic notes.¹ Copies by next pouch.

WILLARD

File No. 652.119/771

*The Ambassador in Spain (Willard) to the Spanish Minister of State (Alhucemas)*²

MADRID, March 7, 1918.

EXCELLENCY: With a view to expanding the trade relations between the United States and Spain, and cementing close and friendly intercourse between the two nations, the Government of the United States of America and the Government of His Catholic Majesty hereby grant and accept the following mutual concessions, subject to the observance of the agreement made today between the Governments of France and Spain:

¹ The former agreement only is printed, *infra*.

² Received Apr. 25, 1918, as enclosure to the Ambassador's despatch No. 1128, Mar. 8. An identic note of the same date was addressed by the Minister of State to the Ambassador.

First. The Spanish Government agrees to permit the exportation without restriction as to destination or quantities:

1. Pyrites,
2. Lead, zinc, copper, and minerals of every kind,
3. Manufactured wool.

Second. The Spanish Government agrees to permit likewise the exportation of the products enumerated below, to the extent permitted by national requirements and by its international obligations, and with due consideration of the production:

1. Rice, raisins, onions, olive oil,
2. Manufactures of cotton, hemp, and jute,
3. Leather, hides, raw and manufactured,
4. Rolling stock, and all conveyances used in connection with transportation.

Third. The Spanish Government further agrees to issue permits for exportation, when applied for in the immediate future, for the following articles:

1. 300,000 blankets (in addition to the 200,000 already purchased),
2. 4,000 tons onions,
3. 2,000 tons raisins,
4. 2,000 tons rice,
5. 20,000 saddle blankets,
6. 240,000 yards canvass,
7. 20,000 pounds Castile soap,
8. 20,000 gallons olive oil,
9. 20,000 bridle leather backs,
10. 20,000 collar leather backs,
11. 100,000 pounds harness leather.

Fourth. Reciprocally the United States Government on its part agrees to permit the exportation from America to Spain of products required by the latter, but only to the extent that it can spare them from its own needs, as well as those of its Allies, and in like manner only the quantities required to satisfy national needs of Spain, avoiding, in so far as they relate to cotton, the accumulation of unnecessary reserves.

In virtue of this agreement, the exportation of cotton will be allowed to the extent of 35,000 bales per month, commencing March first, and 4,000 tons of petroleum and its derivatives per month to commence May first. This shall not be construed to include the 8,000 tons of petroleum already agreed to be sent to Spain.

Fifth. The Government of the United States further agrees to permit the exportation of articles, the departure of which may be authorized under the conditions noted in article *fourth*, as specially enumerated below:

- Locomotives and railway material,
- Copper in plates, tubes and wire,
- Iron and steel in bars, tubes and wire,
- Chemical products including anilin oils,

Machines and electric material in general,
Material for telegraph and telephone,
Sulphates of ammonia,
Aluminium,
Tobacco.

Sixth. In return for the immediate export authorization specified in article *third*, the United States on its part accords to Spain the authorization to export immediately from the United States:

Orders of Spanish railways already placed in the United States,
2,000 barrels of paraffin,
12,000 barrels of oleonaptha and lubricants,
22,000 barrels of residue of petroleum.

The petroleum products thus ordered shall be considered as forming part of the total of petroleum and its products referred to in article *fourth*.

Seventh. The terms of this understanding being of a reciprocal nature, compliance therewith by each party shall be contingent upon the compliance therewith by the other.

Eighth. It is mutually agreed that the export taxes applicable to the above-mentioned articles shall not exceed in amount those agreed upon with France.

Ninth. Each nation will provide the transportation by water of their respective purchases, and at their own risk and peril.

Tenth. When through the operation of article *fourth*, the United States shall have satisfied its requirements as specified in article *third*, the embargo against the exportation of United States products to Spain, and Spanish products to the United States or to France for the needs of the United States in said country, will not further be enforced for the remainder of the period covered by this agreement, so long as all the provisions therein contained are strictly complied with, since the essence of this understanding is to mutually promote the commercial relations of both countries, provide for their necessities, and lighten in every way possible the burdens and embarrassments from which both nations are suffering through the general disturbances to the world's commerce. This clause shall not, however, be construed to relieve exporters from the necessity of securing permits and conforming to the rules and regulations respecting them, prescribed by the United States Government and Spain, or the right to limit the exportation of any article which the needs of the respective countries or their international obligations towards neutral nations or the nations of the Entente may compel.

Eleventh. As to transportation by rail, the two countries will use their best efforts respectively to provide the best facilities possible by indicating to each other the points most suitable for loading and unloading.

Twelfth. Re-exportation of the articles and products covered by this agreement shall not be permitted to any other country than the one designated at the time of the granting of the export permit, without the consent of the United States or Spain, as may be necessary in each case.

Thirteenth. After the signature of the present agreement, negotiations will be begun with a view to concluding an agreement con-

cerning transportation by sea between the United States and Spain, the object of this agreement being to serve the mutual interests of both countries by assuring to them the reciprocal benefits which will result through making the best possible use of Spanish and American ships touching respectively at ports of the two nations. Pending the establishment of this last mentioned agreement between the two countries, each shall endeavor to afford to the vessels of the other touching at their respective ports, such coaling facilities as they may find possible, the duration of such provisional arrangement not to exceed two months.

Fourteenth. The general purpose of this agreement is to remove as far as possible all restrictions on the mutual trade relations of the signatories now made necessary between them by the embarrassments surrounding the entire world's commerce.

Fifteenth. When requested, export licenses for products to be manufactured will be issued, and will be usable for the export of such manufactured product when complete.

Sixteenth. This agreement is to remain in force until and including December 31, 1918.

I avail myself [etc.]

JOSEPH E. WILLARD

File No. 652.119/709

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, April 5, 1918, 6 p. m.

[Received April 6, 7.42 p. m.]

1205. Department's 965, March 15, 5 p. m., for Chadbourne, No. 3;¹ Embassy's 1165, March 21, 4 p. m., War Trade Board No. 12, from Chadbourne;¹ and Embassy's 1192, March 30, 8 p. m.¹ Minister for Foreign Affairs sent a personal note last night asking Embassy to use good offices by telegraph in facilitating immediate export of 40 locomotives for North Railroad of Spain now under contract in the United States. While the reply was in preparation, this morning Minister for Foreign Affairs telephoned asking to be received at 3 this afternoon. Interview just concluded in which he was informed that Embassy would immediately telegraph to Department his Government's wishes concerning locomotives desired, but that Embassy must advise Department that notwithstanding [the fact] that from and since ratification of commercial agreement between Spain and United States, March 7, 1918, War Trade Board had granted innumerable permits to Spain cotton and other needed commodities, yet not one permit to export from Spain any article, the exportation of which is provided for in agreement, to which reference is also made, had been granted by the Spanish Government; nor had French credit provided for in financial agreement between Spain and France, March 7, 1918, yet become available. He expressed surprise that per-

¹ Not printed.

mits had not been granted and renewed assurances there would be no further delay. He also stated French credit was available but this according to present advices does not conform to information received today from French Embassy.

The conversation up to this point is being confirmed this afternoon by personal note to the Minister for Foreign Affairs.

The Minister then stated Transatlantica boats would sail for North American ports (reference is here made to Embassy's 1199, April 4, 11 a. m.¹), beginning with *Montevideo* tomorrow from Cadiz but that his Government had received no assurance from Germany that these boats would not be attacked, that boats would carry cargoes but not articles which had always been considered contraband, and finally that Spain could not permit Germany in her brutality to cut off former's communication with North America which would mean ruin to Spain. He then [made] accompanying statement that Spain must sooner or later decide for either Allies or Central Powers, but that such decision did not necessarily mean war. He was then informed that the Government of the United States had no desire to see Spain at war, but that mission of Embassy was to maintain and strengthen good relations now existing.

Embassy is of opinion that political situation here may become critical any moment as direct result of German menace, that while this is strongest Ministry possible to be secured, yet fear, not so much of Germany itself but of Germans interned in Spain, has great influence and is assisted by reports of results of German offensive on Western front.

Department is requested to consider this telegram in connection with Embassy's 1206, April 5, 7 p. m., War Trade Board No. 14, from Chadbourne.¹

WILLARD

File No. 652.119/731

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, April 13, 1918, 10 a. m.

[Received April 14, 2.50 a. m.]

1234. Referring to the Embassy's telegram 1206, April 5, 7 p. m., for War Trade Board, No. 14 from Chadbourne.¹ Not having yet secured single permit to export to A[merican] E[xpeditionary] F[orces] under terms of commercial agreement March 7, Embassy ventures to request authority to inform Minister of Foreign Affairs that Board will grant no more licenses to export trade to Spain until Spanish Government shall have granted permits to export to

¹ Not printed.

A.E.F. those articles covered by agreement of March 7 for which application has already been made and to suggest that Spanish Ambassador at Washington be similarly informed. Embassy ventures further to suggest authority to remind Foreign Office that Board is free after May 7 to impose such bunker regulations as it may see fit on Spanish vessels in American waters.

WILLARD

File No. 652.119/726

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, April 16, 1918, 7 p. m.

1044. For Chadbourne [from War Trade Board]:

No. 31. Your 21, Embassy's 1226, April 11, 1 p. m.;¹ Embassy's unnumbered [1234], April 13, 10 a. m.; and your 24, Embassy's 1236, April 13, 9 p. m.¹

From March 8 to April 5, we have issued for Spain export licenses of number and value as follows: 81 for foodstuffs, \$332,000; 31 for oils, \$675,000; 1,258 for metals and machinery, including large quantities of railway supplies, \$5,289,000; 70 for cotton and products, \$5,888,000; and miscellaneous items with the foregoing making up a total of 2,042 licenses valued at total of \$12,808,000. This has been increased by a large amount by licenses issued during the past ten days, the total of which is not available. We suggest revoking outstanding licenses for such oil, barrel staves, phosphate rock and cotton as shall not have left port. We suggest allowing metals, machinery and railway supplies already licensed to go forward. If you approve revoking licenses as suggested above, we will not reissue these nor reissue any new licenses for any of foregoing commodities except after first communicating with and hearing from you. In respect to nonessentials, they are of no great value to Spain, and holding them is unnecessarily hard upon our merchants and inadvisable from standpoint of Spanish exchange. On account of the large number of licenses issued for above materials, unless we revoke as suggested, the only pressure which can be exerted will be by refusing further licenses for cotton, the March ration for which has been shipped. We shall await your opinion before taking definite action and you will please keep the above confidential until we advise you further after hearing from you.

You may notify Foreign Office that after May 7 our bunker regulations will again apply. We approve your working closely with French and English.

Third stenographer for your office is leaving here today.

LIANSING

¹ Not printed.

Negotiations for a Shipping Agreement—Reorganization of the Machinery for Controlling Purchases in and Exports to Spain by the Associated Powers

File No. 652.119/760

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, April 20, 1918, 7 p. m.

[Received April 21, 11.41 a. m.]

1257. In conference just concluded, Minister for Foreign Affairs brought up subject matter, article 13, Spanish-American commercial agreement of March 7. He said that Spanish Ambassador in Washington, had informed him that some one now in Europe would be sent here shortly to negotiate further agreement as provided in article under consideration. He was informed that Embassy had similar instructions and that he would be further informed immediately upon the arrival here of such party. He replied that he would then designate a conferee on the part of Spain and that negotiations could proceed at once, and added that he hoped the Government of the United States, pending such negotiations, would not change its policy in regard to the question thus to be considered. He was informed that Embassy was of opinion that no change in such policy would be made until an opportunity was had for proposed negotiations. Embassy awaits instructions.

WILLARD

File No. 652.119/765

The Secretary of State to the Ambassador in Great Britain (Page)

[Telegram]

WASHINGTON, April 26, 1918, 8 p. m.

7464. For Sheldon [from War Trade Board]:

No. 401. Your No. 466, Embassy No. 9653, April 22, 6 p. m.¹ Our obligation freely to supply Spanish ships with bunkers continues only during the first two months of agreement and we therefore have bunker control as a lever to induce Spain to make an agreement with us which would put at least some portion of Spanish merchant marine into a service useful to us. Captain Fisher further has pointed out that Great Britain's obligation to bunker is limited and that Great Britain can exert substantial pressure along this same line.

The British Government through Captain Fisher suggested that since both Governments had inducements to offer Spain the negotiations should be jointly conducted. This was agreeable to us and we therefore proposed in our 348¹ that British should nominate as joint negotiator with Chadbourne some one who has expert shipping

¹ Not printed.

knowledge. We can, of course, send shipping expert from this country to advise Chadbourne, but since British Government has expressed desire that negotiations be jointly conducted, it seemed to us more expeditious that their negotiator be a shipping expert and that he should proceed at once to join Chadbourne and with him initiate negotiations.

The Spanish Government have through their Embassy requested that negotiations be promptly opened.

LANSING

File No. 652.119/820

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, May 3, 1918, 9 p. m.

[Received May 5, 10.11 a. m.]

1293. War Trade Board [from Chadbourne]:

44. After as careful study as possible of commercial agreements and their operation to date, have reached following conclusions based on facts hereinafter stated.

(1) Our agreement was canceled *ipso facto* by the failure of Spain to extend credit of 35,000,000 pesetas to France on March 20. We nevertheless continued to act as though agreement was in force until April 23 when credit of March 20 under French agreement was given.

(2) We began to comply with terms of our agreement at once. Spain did not grant the few requests for export permits made by us March 12 until April 12. We could properly have rescinded agreement any time between say March 20 and April 12, on this account.

(3) On April 5 we applied for new lot of permits. Of this lot only rice and olive oil are specifically mentioned in agreement, the rest depending on general non-embargo clause, article 10. Under article 3 we were entitled to 2,000 tons of rice at once. Got only 1,000 tons. We were also granted permits on April 20 for 1,000 tons olive oil, 5 tons olives, 500 tons beans, 10 tons candles, 50 tons Spanish beans.

Export taxes are imposed on rice and olive oil which can be done under terms our agreement and French, but should not have been done in this particular case, as taxes were put into effect after our applications were made and after they should have been granted, had Spain been prompt. Export tax on beans and Spanish beans not justified in my opinion, evidently imposed under general clause of law of March 20, 1906. Refusal of permit for sheet iron probably justified; refusal of permit for 1,000,000 railroad ties justified, but [they] should have given us part.

My opinion is that we should have rescinded agreement on failure of Spain to grant us permits and extend French credit before April 25. We are now requesting that export taxes be removed. Have wired about export taxes to Colonel Dawes and he is willing to wait to see, saying that taxes can be avoided. He advises not to insist on railroad ties. I call your attention to the fact that Spain's attitude on these agreements is one of getting much and giving little while she watches who will win the war. Allies' vacillating policy has given German influence upper hand here. As a matter of policy you would certainly do better to start afresh. Chadbourne.

WILLARD

File No. 652.119/817

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, May 3, 1918, 10 p. m.

[Received May 5, 5.20 p. m.]

1298. Embassy's 1293, May 3, 9 p. m., War Trade Board 44 from Chadbourne. Embassy cannot support recommendations therein contained. While terms of Spanish-American agreement of March 7, 1918, have been technically violated in delay and otherwise by Spanish Government, yet United States Government is securing and accepting practically all the agreement calls for. Therefore to notify Spanish Government that agreement is at end is serious step and one to be taken only after great consideration and consultation with French Government which is indirect party to contract. Moreover such action would bring about immediate withdrawal of French credit. This question also involves political policy and good faith. Embassy requests instructions.

WILLARD

File No. 652.119/818

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, May 4, 1918, 1 p. m.

[Received May 5, 5.13 p. m.]

1301. Embassy has just received from Minister of Foreign Affairs *note verbale*, translation as follows:

Although in our conversations Your Excellency has repeatedly assured me that the period of two months, agreed upon in article 13 of the agreement of March 7 last in regard to the negotiations between Spain and the United States of a special agreement concerning shipping matters, would be extended, as it is not the fault of His Majesty's Government that the Government of the United States has not yet been able to make the corresponding proposals, in spite

of the requests made to it to that effect, I have received a telegram from Señor Riaño informing me that the Department of State has notified him that in regard to coaling, the War Trade Board will apply to Spanish vessels after May 8 and during a "reasonable" period the regulations existing before the signature of the agreement, inspired however with a spirit of benevolence.

I must not conceal from Your Excellency the unfavorable impression which this communication has produced upon me since it is not possible for the Government of His Majesty to accept such a vague and indefinite situation as is to be inferred from the note of the Department of State. It is not possible to allow the treatment of Spanish ships in American ports to depend upon a "regime of benevolence" and that during a reasonable period, since this would be equivalent to admitting the possibility that at a given moment the American authorities would declare the period at an end, or without going to that extreme attribute the character of benevolence to a treatment incompatible with the interest of Spanish navigation.

The good spirit shown by Your Excellency in our conversations leads me to point out the whole gravity and importance of the question and to beg you with all the urgency which the matter demands, to be so good as to intervene with your Government so that the period may be extended and that during this extension the same regulations may remain in force as at present.

The [Department's] attention is called to instructions contained in last paragraph of its No. 998, March 23, 6 p. m.,¹ "Please advise the Department promptly whether any representation was made to the Spanish Government that could have created the impression that bunker licenses would be freely issued the Spanish vessels for all times, and in the meantime please refrain from discussing this matter with Foreign Office", to Embassy's reply thereto 1184, March 26, 11 a. m.,¹ and to Embassy's 1257, April 20, 7 p. m., which latter recites what occurred upon only occasion matter under consideration was discussed with Minister for Foreign Affairs. He is accurate in his statement that it has not been the fault of Spanish Government that negotiations provided for in article 13 of agreement of March 7, 1918, have not been begun more promptly. Therefore Embassy cannot too strongly urge that period of two months for negotiations of further agreement concerning shipping be made use of in explicit terms for a further period of 30 days from May 7 and that Spanish Government be informed that United States Government will feel free to enforce War Trade Board regulations if after June 7 no such agreement shall have been ratified. This will preclude possibility of unfortunate misunderstanding and will permit Department with approval of War Trade Board to grant further extension if it appears negotiations are not concluded by aforesaid date. The shipping matter involves Spanish pride and is therefore a delicate question. Embassy ventures to suggest if Department desires to secure for use

¹ Not printed.

of United States or Allies any portion of Spanish tonnage that it is necessary either to proceed with great caution and tact or boldly to show force. In either event it is equally necessary that all misunderstandings be avoided and no possible ground be given for charge of bad faith which the Spaniards are sometimes prone to make unjustifiably. Reference is here made to first sentence Department's [998] under consideration.

Department is requested to consider in connection herewith Embassy's 1302, May 4, 8 p. m., War Trade Board 50 from Chadbourne.¹

WILLARD

File No. 652.119/818

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, May 8, 1918, 4 p. m.

1101. Embassy's 1301, May 4, 1 p. m.; 1302, May 4, 8 p. m.;¹ and 1303, May 4, 10 p. m.¹ The Department and the War Trade Board have considered the views expressed in the above-mentioned cablegrams and in accordance with your recommendation it has been determined that this Government will extend the provisions of article 13 of the commercial agreement of March 7, 1918, for an additional period of 31 days; that is, General Rules No. 1 governing the granting of licenses for bunkers² will not be applied to Spanish vessels during the period ending June 8, 1918, during which period the present regulations will remain in force.

As requested in Embassy's 1302 (No. 50 from Chadbourne to War Trade Board) the Department has not communicated this decision to the Spanish Ambassador in Washington and you should immediately notify the Foreign Office of the 31-day extension of article 13. At the same time you should state that every effort is being made by this Government to expedite the institution of the tonnage negotiations and that it is fully expected that within the next day or two the United States shipping expert will proceed to Madrid with full instructions.

LANSING

File No. 652.119/820

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, May 10, 1918, 7 p. m.

1107. For Chadbourne [from War Trade Board]:

No. 54. Your 44, Embassy's 1293, May 3, 9 p. m. We consider Spain's defaults have been condoned by us to such an extent as to

¹Not printed.

²Ante, p. 946.

make starting afresh impossible if by that expression you mean putting an end to the agreement.

Alfred G. Smith, shipping expert, sails for Spain next week and will take up with you shipping end of negotiations. Cable your home address.

LANSING

File No. 652.119/817

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, May 14, 1918, 5 p. m.

1120. Department believes that considerations set forth in your 1298, May 3, 9 [10] p. m., are decisive against the taking of any measures to terminate our agreement with Spain. It is the Department's desire to derive from the agreement all possible political and commercial advantages both for ourselves and for the French. You are instructed to act accordingly and to make it clear to the Spanish Government that the Government of the United States is determined to comply with the terms of the agreement as long as the Spanish adopt a similar attitude.

LANSING

File No. 652.119/904

The Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, May 29, 1918, 7 p. m.

4270. For McFadden [from War Trade Board]:

No. 104. Your No. 103, Embassy 3942, May 21, 4 p. m.¹ We approve in principle the plan for creation of inter-Allied committee at Madrid to consider proposed imports from Associated nations and to cooperate closely with Inter-Allied Bureau of Purchases, Madrid, so that status of applications to export from Spain may be considered in connection with Spanish requests for imports into Spain from Associated nations. We note that the plan as set out in your cable does not appear to contemplate Italian representative. We feel that for political reasons Italy should be given an opportunity to name a representative on any inter-Allied committee set up in Spain. We are cabling Sheldon and Chadbourne our views as above set out and are authorizing Sheldon, if he can appropriately do so, to discuss the matter with the British with a view to obtaining their adherence to the plan.

LANSING

¹Not printed; for a fuller explanation of the plan in question, see telegram from the Chargé in Great Britain, No. 10390, June 3, *infra*.

File No. 652.119/960

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, June 3, 1918.

[Received 2.04 p. m.]

No. 10390. From Paris:

133. June 1, noon. War Trade Board No. 42. We fear you have misunderstood our advices in connection with proposed plans to coordinate the policy of the Associated Governments at Madrid. The following plan is approved by the French Foreign Office and also, judging from communications received today, by the War Trade Board.

1. An inter-Allied committee for the control of army purchases exists in Paris and is composed of official representatives of the quartermasters' departments of the French and American Armies and also an unofficial representative of the British, but it is very important that the British should be officially represented. Chairman of that committee is General Maucière. The functionary activities of the committee consist in coordination of the general policies and activities in connection with the purchase of army supplies in Spain and instructing the Inter-Allied Purchasing Committee at Madrid in connection therewith.

2. Inter-Allied [Purchasing] Committee at Madrid is composed of official representatives of the [French] and American quartermasters' departments acting under general instructions from Paris, and an unofficial British representative acting under general instructions from British quartermaster's department, Paris, but again it is also very desirable that the British should appoint an official representative upon this committee at Madrid.

3. It is now proposed to create a permanent and active committee in Madrid which shall be called "The Inter-Allied Trade Committee" and this committee will be composed of official representatives to be appointed by the respective Ambassadors of each of the Associated Governments at [Madrid] and the delegates will be the personal representatives of the Ambassadors upon this committee.

4. The functions and duties of the committee are to consist of (a) to receive from the Inter-Allied Purchasing Committee, Madrid, their applications for export permits covering all articles purchased by the representatives of the Associated Governments in Spain and to officially present same to the Spanish Government with request for exports permits. It is not, however, contemplated at present that the committee shall deal with either questions of shipping or of securing export permits from the Spanish Government covering shipments of ores or pyrites for the account of the British as these questions are all covered and provided for under the Cortina and other Government agreements.

(b) It is also proposed that the Associated Governments, through their Ambassadors at Madrid, will consult with the Inter-Allied [Trade] Committee at Madrid before granting export permits cover-

ing shipments to Spain of the following articles: American, Egyptian, and Indian [cotton], ferromanganese, coal, tin, tin plate, petroleum, pitch, tar, railroad materials, special machinery, jute, lubricating oils, and rubber.

5. It will be understood that the Associated Governments will be guided by the recommendation of the Inter-Allied Trade Committee as to whether export permits should be or shall not be granted for articles above referred to and Committee's recommendations will be predicated upon the willingness and the promptness with which Spanish Government grants the permits to Associated Governments covering shipments of articles purchased by the Associated Governments in Spain.

The above plan makes very plain that the Inter-Allied Purchasing Committees at Paris and Madrid are absolutely military agencies while the Inter-Allied Trade Committee at Madrid will be a committee absolutely independent and diplomatic in its personal character and activities and whose duties will consist in assisting and facilitating through diplomatic channels and representations the release of the supplies purchased by the Associated Governments in Spain. You will appreciate the importance of British being officially represented both on the Purchasing Committees in Paris and Madrid and also upon the Inter-Allied Trade Committee at Madrid. We are confidentially informed that the subject has had serious consideration at the Foreign Office and the above plan has been approved by Balfour. We are in receipt of a cable from Washington to the effect that they have wired you their approval of the above plan. French Foreign Office is also cabling their approval to their Ambassadors at London, Washington, and Madrid. We have cabled Washington and recommended that Chadbourne be at once appointed the official legal representative War Trade Board on the Inter-Allied Trade Committee at Madrid. Repeat Washington. McFadden. Sharp.

LAUGHLIN

File No. 652.119/933

The Acting Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, June 4, 1918, 7 p. m.

1197. For Chadbourne [from War Trade Board]:

No. 90. Your 81, Embassy's 1366, May 28, 10 a. m.¹ Smith will arrive Madrid about June 20 to take up shipping negotiation. He advises and you may announce, if you approve, an extension of our arrangement of March 7² respecting bunker regulations to and including June 25. Cailler representing Swiss Government is proceeding to Madrid to negotiate for enemy boats in Spain.

PHILLIPS

¹ Not printed.

² See note of Mar. 7 from the Ambassador in Spain to the Spanish Minister of State, *ante*, p. 1671.

File No. 652.119/1023

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, June 20, 1918, 5 p. m.

[Received 7.07 p. m.]

10742. War Trade Board [from Sheldon]:

No. 835. From Alfred G. Smith for McCormick. After discussing with Stevens and Sheldon the advisability of having a British expert assist me in Spanish negotiations I have decided to accept such assistance on the understanding that you left in my hands the decision on this point. At my request Sheldon has written a letter to Foreign Office, of which the following is a paraphrase:

Regarding proposed negotiations by United States representatives for tonnage agreement with Spain as contemplated by Spanish-American agreement March 9 [7]. I confirm conversation regarding participation of British Government in regard thereto. Mr. Smith, representing War Trade Board and Shipping Board, has special mission to assist United States Ambassador in Madrid in conducting these negotiations. Mr. Smith would be very pleased if His Majesty's Government should designate a shipping expert to assist him in conducting these negotiations in Madrid and is also pleased to learn that the British Commercial Attaché in Madrid will also be instructed to assist him in these negotiations.

I am leaving for Paris to-morrow and expect to arrive in Madrid the early part of next week.

LAUGHLIN

File No. 652.119/1082a

The Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, June 24, 1918, 10 a. m.

4714. For McFadden [from War Trade Board]:

No. 149. Following is for Alfred Smith now due Paris on way to Spain:

Bunkering arrangement expires June 25 as agreed, and we would suggest that if you recommend extending date, we stipulate we will license bunkers freely only from United States Atlantic and Gulf ports, reasons for this being that we might desire to control boats going from Cuba to Mexico or passing through the Canal. We would like your opinion promptly as there is shortly due at the Panama Canal the Spanish boat *Aviles* with cargo of nitrate for Spain.

LANSING

File No. 652.119/1066

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, June 28, 1918, 5 p. m.

[Received June 29, 2 a. m.]

1484. Department's 1222, June 13, 4 p. m.¹ Alfred G. Smith, accompanied by Capt. W. H. Ellis, arrived Madrid, this morning.

British Embassy, under date of 22d instant, informed this Embassy as follows: "Carlton Levick of the Ministry of Shipping is leaving for Madrid today in order to act as adviser on behalf of His Majesty's Government in these negotiations and he is further directed to act as adviser to His Majesty's Embassy in the same manner as Smith to yourself." Levick has arrived in Madrid. Negotiations, under article 13, Spanish-American agreement, March 7, 1918, will be initiated so soon as Chadbourne who has been ill past week has recovered.

WILLARD

File No. 652.119/1082a

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, June 29, 1918, 6 p. m.

1278. For Chadbourne [from Smith, War Trade Board]:

No. 127. Yours, June 25, from Paris.¹ In accordance with your recommendation we have decided to extend bunker licensing freely from Atlantic and Gulf ports of the United States. Meantime will probably decide to hold *Aviles* at Canal account War Department does not want nitrates to go to Spain as of possible use in making ammunition.

LANSING

File No. 652.119/1142c

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, July 3, 1918, 6 p. m.

1291. For Chadbourne [from War Trade Board]:

No. 134. Also for Smith. Norman H. Davis of the Treasury Department expects to arrive in Madrid soon after July 15 in connection with exchange matters. The Department and War Trade Board think it advisable to defer the conclusion of the tonnage negotiations and the making of any definite commitment until the

¹ Not printed.

arrival of Davis, as we are anxious to facilitate in every way possible the Treasury negotiations along with our own. Please co-operate to fullest extent.

LANSING

File No. 652.119/1140

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, July 15, 1918, 7 p. m.

[Received July 16, 2.45 p. m.]

1550. War Trade Board [from Smith]:

In conference with Government delegate, having the list corrected to June 28 showing vessels, steam and sail, tonnage of 50 tons and over, aggregate 726,000 gross register, of which 623,000 are steamers over 500 tons gross register. Delegate asserts all tonnage being operated to best advantage, yet insufficient to care for Spain's inward necessities, coastwise trade, and native coal distribution by sea occasioned by [congestion of] railroads, plus assistance to England, France, Italy. He submits approximate quantities of commodities carried to support his contention. To request examination of each steamer movement and properly check his statement would, even if feasible, require much time. Maritime records appear to be incomplete, confused, unreliable. I believe tonnage list submitted is correct subject to the deduction of vessels repairing, making actual Spanish tonnage held in abeyance [*operation?*] not over 575,000 tons gross register.

Positive satisfactory examination of how tonnage is employed can only be obtained by Lloyds. Associated Governments [ought to] satisfy ourselves Spanish tonnage is judiciously employed not only to help serve Allied interests and Spain's actual needs, but also assure ourselves that, owing to absence of actual Government control of Spanish shipowners, Spain will not eventually become dependent on Allied tonnage to keep her alive. Spanish owners appear able to ignore Government decrees and are content with making huge profits through uncontrolled routing and high rates notwithstanding heavy losses without new tonnage in sight. On good authority 85,000 gross tons reported lost since January 1918. British apparently not anxious to move in negotiations so long as Spanish steamers carrying coal from England continue returning there with needed minerals. Spain is apparently unable to spare or perhaps unwilling to release tonnage and will stand on declaration of insufficiency tonnage and will await next move from us.

Tonnage conditions so closely connected with reported grave industrial factors that I consider interests of Allies best served by

conference at Washington. Spain which is dependent on us should if necessary send accredited representatives to Washington. Believe little headway can be made here. Court officials and most embassies away. Full report to you in person seems imperative as time will be wasted here and can finish my investigations and depart in about a week. Smith.

WILLARD

File No. 652.119/1150

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, July 17, 1918, 5 p. m.

[Received July 18, 10.43 a. m.]

378. War Trade Board [from Sheldon]:

No. 1032. Referring to your 837, Department's 245, July 16.¹ On July 4 Foreign Office sent me as result of my conversations with them a copy of a note addressed to the French Ambassador dated July 4. In this the Foreign Office points out:

(1) That the greater portion of the purchases made by British Government in Spain consist of iron ore, copper, pyrites and lead, that copper and lead are already controlled by inter-Allied arrangements and that the others are not of such vital interest to the other Allies as to the British; British Government therefore are reluctant to change the system which has been gradually perfected for such purchases in Spain and consider it impossible to consent to place these purchases within the scope of the proposed Inter-Allied Purchasing Bureau in Madrid.

(2) Foreign Office points out that the question of ocean transportation could not come within the scope of proposed bureau as it is already in the hands of the Allied Maritime Council.

(3) Subject to above criticisms and on the understanding that the functions of the bureau are purely of an advisory character and limited to purchases in Spain, British Government are prepared to appoint the secretary in charge of commercial matters at British Embassy in Madrid and a technical delegate to represent British Government on the bureau on all questions of purchases in Spain on behalf of the Army or Ministry of Food, excluding commodities mentioned in number 1.

[4] Foreign Office points out that complication and duplication of work would be saved by the establishment of the purchasing bureau at Madrid without setting up a second bureau in Paris. Control over the bureau in Madrid would be adequately secured by connecting with it the embassies of the Allies in Madrid whose secretaries are already in the habit of holding weekly meetings for discussion of matters of general commercial interest to the four Associated Governments.

¹ Not printed; see the Chargé's telegram No. 10390, June 3, *ante*, p. 1683.

(5) Foreign Office proposes if desired a preliminary period of three months could be fixed in order that opportunity might be given to revise the arrangements then should they not be satisfactory.

I immediately advised Chadbourne and McFadden and sent them in confidence copies of the Foreign Office note. In my opinion the arrangement as described by the Foreign Office confuses the purchasing agency with the Inter-Allied [Trade] Committee, but I think in practice the arrangement will work satisfactorily for, while the functions of the two last-named bodies are different in some [respects, since] one is composed of buyers and the other of diplomatic representatives, nevertheless in practice the plan will probably adjust this satisfactorily.

LAUGHLIN

File No. 652.119/1266a

The Acting Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, July 22, 1918, 6 p. m.

1342. For Smith from War Trade Board:

We are strongly of the opinion that you should remain in Spain until you have secured comprehensive and detailed information on the Spanish ship situation and on Spanish minimum import requirements. Our negotiations with northern neutrals have shown that it is generally possible to scale down substantially the neutral's alleged import needs and to point out more effective utilization of tonnage thus releasing tonnage for other than national service. We do not know that this situation exists in Spain but we believe that you should take the present opportunity to make a careful study of the situation even though considerable time is required. All information of this character will be of great value to us at the time when present commercial agreement expires and negotiations for a new agreement are instituted.

We also believe you should remain in Spain until arrival of Norman Davis of United States Treasury who is to undertake financial negotiations with the Spanish Government. It is possible that the Treasury Department may desire to avail [itself] of our bunker control to assist them to secure credits. We are also anxious that you should be in Spain while the Swiss negotiations for enemy ships are in progress. A number of matters may arise in this connection as to which it will be most important that the Ambassador have available your advice as a practical shipping man.

We seriously question the practicability of accomplishing anything by negotiations at Washington.

POLK

File No. 652.119/1196a

The Acting Secretary of State to the Ambassador in Great Britain
(Page)

[Telegram]

WASHINGTON, July 22, 1918, 7 p. m.

342. For Sheldon [from War Trade Board] :

No. 901. Your 1032, Embassy's 378, July 17, 5 p. m. We think it best to accept the British suggestions respecting the functions of the Inter-Allied Purchasing Bureau in Spain, hoping that as time goes on they will find it possible to agree to an extension of the bureau's powers.

POLK

File No. 652.119/1196

The Ambassador in Great Britain (Page) to the Secretary of State

[Telegram]

LONDON, July 23, 1918, 5 p. m.

[Received July 23, 5 p. m.]

No. 519. War Trade Board [from Sheldon] :

No. 1076. Referring to my 1032, Embassy's 378, July 17, 5 p. m., and your 901, Department's 342, July 22, 7 p. m. Under date of July 18, I mailed you copy of Foreign Office letter dated July 17, with reference to this matter.¹ In this communication, Foreign Office points out that His Majesty's Government would have no objection to the meetings, mentioned in paragraph 4 of my 1032, continuing in order to [decide] the best means of obtaining export licenses from Spain nor would they object to the body hitherto known as the Inter-Ally Commercial Bureau being called the Inter-Ally Trade Committee. His Majesty's Government, however, are not prepared to delegate to this or any other body, the right to decide questions of exports from stocks Spain, nor will they bind themselves to consult such body on these matters. On the other hand His Majesty's Government are quite willing to agree that these representatives of the Allied Embassies in Madrid should communicate to their respective Ambassadors for further action suggestions for bringing pressure to bear on Spanish Government in order to secure export licenses for commodities purchased in Spain, and in cases where it is considered that the matter concerned the Allies, His Majesty's Government propose that these suggestions be referred to the A[llied] B[lockade] C[ommittee] in London.

PAGE

¹ Not printed.

File No. 652.119/1267

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

SAN SEBASTIAN, *July 31, 1918, 11 a. m.*[*Received August 1, 12.15 p. m.*]

1608. For War Trade Board [from Smith]:

Your cable No. 1342 received by me here. [In order] to comply with request have visited Cadiz, Barcelona, Bilbao. After another visit to Bilbao [may have] available useful shipping data. Conditions in Spain are unlike other countries. Records are lacking and nothing is reliable. Our consuls without returns of imports for 1917, and another year may elapse before they are obtainable. Doing my best to secure data on imports, bearing in mind that representations with regard to country's requirements may be exaggerated.

My suggestion, after consulting Ambassador, to proceed at early date to United States, was based on conviction that industrial conditions and very doubtful help given by Spain to our military forces and Allies required you should have full report before adopting definite policy. Will await arrival of Norman Davis.

Not having any definite instructions, I have limited my intercourse with Government Department to conversations. At last interview with Government representative in Madrid he repeated previous representations made to me of insufficiency of tonnage, and asserted that all available tonnage is in national and Allied use. Then he stated, unofficially, as follows:

If it should appear that, due to measures adopted by United States, Spain were to suffer privations and restrictions, the advantage United States might obtain over existing arrangement would be insignificant and be an infringement on Spain's sovereignty and intrusion in Spanish affairs which would produce consequences disadvantageous to future political economy of United States and its relations with Spain.

Due to lack of proper Government organization and conflicting interests among shipowners, also influence of subsidized lines, also continued sinking Spanish vessels by enemy, and other factors, matters are complicated, and shipping situation chaotic.

Spanish tonnage in my opinion not judiciously employed, and no improvement appears possible unless Government and owners under expert and absolute control regulate such tonnage, thus materially increasing efficiency and showing whether or not [any] surplus is available for other than national requirements. It appears, however, to be to Spain's advantage to continue indefinitely present regime, make the most of it, and getting while able all it can from United

States. Following propositions are submitted by me for your consideration.

1. Ask Spain outright for block of tonnage to be chartered through commercial agency to United States. Spain has practically answered that demand by statement made and quoted above, and will claim that, under agreement of March 7, [it is] unwarranted.

2. Ask Spain to allot substantial cargo space for Allied use and destination on all Spanish vessels carrying cargo from United States to Spain.

3. Ask Spain to privately permit owners to charter through commercial houses to United States suitable tonnage for our use. If owners permitted bids for charter, they would demand very high rates, alleging crews are only secured by paying enormous bonuses and claiming fair returns on enhanced tonnage values.

My conviction is Spanish tonnage is relatively so small and so rapidly being reduced, that any arrangements will be at best of no substantial benefit. Therefore I venture to express the thought that Spain be officially advised to the effect that hereafter as according to its declarations Spain sees no way of more efficiently using its tonnage to mutual advantage, all tonnage negotiations cease, and United States is free to apply bunker or other regulations.

Definite prompt adoption of policy seems desirable. Smith.

WILLARD

File No. 652.119/1308

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

SAN SEBASTIÁN, August 2, 1918, 6 p. m.

[Received August 3, 9.37 a. m.]

1631. For War Trade Board [from Smith]:

Please refer to my cipher telegram of July 30 [31], No. 168 [1608]. Have now completed Bilbao investigation. Have privately [conferred] with representative shipowners. Believe that in own interests proposition number 2, but more likely number 3, mentioned in my cipher telegram [acceptable] to them. Believe that Government would privately consent to private charter to United States through approved commercial agency. Basis of charter full capacity of ship on agreed rates [per ton] cargo weight or measurement according to destination American ports to French Atlantic, French Mediterranean, or Italian ports. Owners are now studying whether suitable tonnage is available and not needed for Spanish requirements, also considering charter rates. I would appreciate your views in order to guide me in further conferences; also advise minimum block tonnage you would consider. Smith.

WILLARD

File No. 652.119/1306

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

SAN SEBASTIAN, August 3, 1918, 1 p. m.

[Received August 6, 6.45 a. m.]

1632. For Leffingwell from Davis:

No. 3. Spanish are especially aroused over sinking of steamship *Ramon de Larrinaga* loaded with petroleum because Germans had granted safe conduct for vessel. Suggest we be authorized inform Spanish authorities petroleum thus lost will not be deducted from regular allotment. Besides assisting in negotiating credits, such an offer could probably be used advantageously in obtaining withdrawal of embargo against export of horses and mules which Pershing considers of the utmost importance. Please consult War Trade Board and advise me immediately.

In order to strengthen our position with Spanish authorities, suggest that any concessions or announcements to Spain be made through American representative here rather than through Spanish Ambassador Washington.

As we are committed to furnish certain quantities of oils and cotton until expiration present agreement, we have not very much to trade on except bunkering of Spanish vessels. I hope this latter can be used to some advantage and that coal so supplied shall be paid for in pesetas. It now appears that Smith can arrange to secure some Spanish tonnage by private charter. Unless this can be paid for in dollars it will increase our peseta requirements.

Withholding shipments [in]advisable. Because of geographical location, Spain cannot furnish anything to Germany with possible exception of oil for submarines but Commander Tobey, assistant to Admiral Sims, informed me latter has no fears of this because there is not sufficient tonnage to furnish Spain with its requirements and leave any [for submarines. Holding up shipments] on technical grounds seems to have caused mistrust and irritation without accomplishing desired results. Think we can accomplish more through liberal frank policy by explaining that we wish to furnish them as much as possible even at [some] sacrifice, but that we cannot afford to do so unless they likewise assist us in getting our requirements here. French and British Treasuries have come to conclusion that commercial blockade for Spain unnecessary and [inadvisable], and that agents of our Navy are in touch with situation and would know immediately if Spain allowed any supply to go to submarines. At any rate it seems that advantage in obtaining here certain important supplies urgently required by our army would outweigh any possible risks of German submarines securing small amount of oil.

Spanish cotton mills are running half time and there is little likelihood of an accumulation of reserve cotton supplies. To keep employees contented and avoid uprisings, wages are being paid for full time and price of cotton [goods] sold principally to French is raised according to arrangements for [their bearing half the?] cost. Spanish Government has organization which I am informed is efficient for supervising the distribution of cotton and oils; but it seems [more] advisable to run any possible risk of having Germans purchase cotton for storage at present prices than to [have them] purchase later at lower prices or for us to ship gold in payment of our purchases here. I am to have conference here tomorrow with army purchasing agents and other Government representatives. Spanish Ministers are all scattered on vacation but Ambassador Willard expects Minister of State here tomorrow, at which time my credentials will be presented, after which I can much better negotiate.

WILLARD

File No. 652.119/1177

The Acting Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, August 9, 1918, 8 p. m.

1409. For Chadbourne [from War Trade Board]:

No. 189. Referring Chadbourne's 158, Embassy's 1559, July 19.¹ and other cables on same subject. In order to clear up apparent misunderstandings in Paris, London, and Madrid respecting the organization and functions of the Inter-Allied Purchase Committee and the Inter-Allied Trade Committee in Madrid, we think it wise to outline to you our understanding of the composition and functions of both committees as they now exist.

1. The Inter-Allied Purchase Committee in Madrid is purely military, is composed of representatives of the French and American quartermasters' departments and the British are now willing to designate a technical expert as its official representative. This committee is subordinate to and receives its instructions from the Inter-Allied Purchase Committee in Paris. Its functions, so far as this department is concerned, are to present to the Inter-Allied Trade Committee in Madrid the applications of the Associated armies for permits to export from Spain all supplies purchased in Spain for their use except lead, iron ore, copper, and pyrites for the British, and is to work in close cooperation with the Inter-Allied Trade Committee in securing prompt action upon such requests and in expediting the shipment of such supplies from Spain.

¹ Not printed.

2. The Inter-Allied Trade Committee in Madrid, heretofore known as the commercial bureau, is now composed of official representatives of the American and French Ambassadors. The British are now willing to designate their commercial attaché in Madrid as official representative, on the understanding that the powers of the committee are to be purely advisory and that the committee shall not concern itself with matters respecting maritime transport or with lead, iron ore, copper and pyrites for the British. This condition is acceptable to us in default of being able at this time to secure broader jurisdiction for committee.

3. The functions of the Inter-Allied Trade Committee are—

(1) To receive from the Madrid Purchase Committee its applications for permits to export from Spain all supplies bought in Spain for the Associated Governments, except those mentioned above, and to present them to the Spanish Government;

(2) To receive from the Spanish Government requests for the importation into Spain of miscellaneous articles purchased by Spain in the countries of the Associated Governments and to recommend to their respective Ambassadors the action to be taken;

(3) The Associated Governments, through their Ambassadors in Madrid, will be asked to consult with this committee before granting export licenses covering shipments to Spain of all important articles purchased by Spain in the countries of the Associated Governments, and particularly with reference to the articles mentioned below, to the end that exports from these countries to Spain may be predicated upon the willingness of the Spanish Government to grant permits for the shipment from Spain of the articles bought there for the use of the armies of the Associated Governments. List of articles follows: American, Egyptian and Indian cotton, ferromanganese, coal, tin, tin plate, petroleum, pitch, tar, railroad materials, special machinery, jute, lubricating oils and rubber;

(4) Department does not understand it to be the purpose or the intention of the Inter-Allied Purchase Committee in Madrid or the Inter-Allied Trade Committee in Madrid actually to purchase any supplies; that their functions are to expedite the shipment from Spain of supplies after they have been purchased by representatives of the Associated Governments, and to advise their respective ambassadors on matters of policy with respect to imports into Spain.

4. London suggested that the Inter-Allied Trade Committee report to A[llied] B[lockade] C[ommittee] in London. Department thinks it better that it report directly to respective Governments through their ambassadors.

5. If your understanding with respect to these committees is in accord with the above, please take such steps as you appropriately can to promote the effective functioning of this committee, and keep

us promptly advised as to when the Inter-Allied Trade Committee has been organized and is ready to handle our inquiries about exports to Spain.

6. Department thinks Italy ought also to be represented officially on the Inter-Allied Trade Committee, and suggests that you take up this matter with your French and British colleagues and, if they are in accord, that the Italian Ambassador be invited to name a representative.

We have repeated this to London and Paris.

POLK

File No. 652.119/1354j

The Acting Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, August 10, 1918, 1 p. m.

1411. For Smith from War Trade Board:

Embassy's 1608, July 31, 11 a. m. We are satisfied to have you come home for a conference when in your judgment it seems best.

POLK

File No. 652.119/1306

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, August 12, 1918, 3 p. m.

1415. For Davis from Leffingwell:

Treasury 5. Your 2, Embassy's 1623,¹ August 2, 5 p. m.; your 3, Embassy's 1632, [August 3], 6.45 a. m. [1 p. m.]; and your 4, Embassy's 1635,¹ August 4, 7 p. m. War Trade Board voted August 8 to immediately issue licenses for all oil and cotton covered by Spanish agreement and not theretofore licensed. When issued War Trade Board will have licensed all commodities covered by agreement. Confer with Chadbourne and ask him in view of your negotiations and general situation to telegraph immediately to War Trade Board his recommendations for shipment of commodities not covered by agreement and desired by Spain.

Nothing has been done to prevent our putting in force requirement that commodities to be licensed thereafter must be paid for in pesetas either by agreement with Spain or by regulations made here but no intention of requiring such payments in pesetas during your negotiations without previously obtaining your views and recommendations. Payment for exports in pesetas is preferable to

¹ Not printed.

credits and ground with Spanish Government should be prepared so that if it seems wise to take this action there will be no feeling on their part that unfair advantage has been taken of them. It is probable that similar requirements for payment of our exports to other neutrals will soon be put into effect. So far as your recommendations to Treasury involve action by War Trade Board endeavor to have Chadbourne make necessary recommendations to War Trade Board. In case of difference of opinion on such recommendations both you and he should indicate points of difference for settlement in Washington.

War Trade Board has voted that petroleum shipments for Spain lost on *Serantes* burned in New York Harbor might be replaced by Spain without prejudice to Spain's regular allotment and that same action be taken regarding oil cargo for Spain of *Ramon de Larrinaga*, should the press reports of the destruction of said ship by German submarine and actual destruction of such oil be confirmed. This news was given to newspaper correspondents and to foreign newspaper cable service of Committee on Public Information. War Trade Board arranging to have Embassy at Madrid informed of the action as above.

LANSING

Conclusion of the Spanish-American Financial Agreement, August 28—
Efforts to Secure Horses and Mules for the American Expeditionary
Forces—Arrangements for the Distribution of Cotton Shipments to Spain

File No. 652.119/1368

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, August 11, 1918, 11 a. m.

[Received August 13, 1 a. m.]

For Leffingwell [from Davis]:

No. 6. Have had long conference with Prime Minister and other Cabinet members. With exception of June allotment of cotton, they are willing have balance of cotton and petroleum coming forward under present agreement paid for in pesetas at current rate. They propose to have Spanish syndicate of bankers establish credits in favor of American bankers or syndicate at satisfactory rate of interest for whatever amount we may require to cover purchases here, to be guaranteed by pledge of Government obligations and made available by 90-day bills renewable for periods required and rediscountable at Bank of Spain. They suggest that pesetas received from cotton and petroleum sold to Spain and in excess of pesetas

required to meet our Government purchases in Spain be applied in reduction of credit. Foregoing based on assumption we will deal as liberally as possible in allowing necessary exports to Spain.

Spanish banks cannot purchase foreign securities without Government's approval and latter hesitates approve purchase of our Government's obligations because embarrassments might arise with other governments which have been refused. Am, however, endeavoring to induce Spanish Government to approve of our placing from 50,000,000 to 100,000,000 pesetas of Treasury certificates here in order to cover our requirements, pending a time which would be required in obtaining pesetas through banking credits as above indicated and have suggested that such certificates might be made payable in six months with rights of at least one renewal. This matter will be presented at meeting of Ministers tomorrow evening. Doubtful if they will approve, but in case they do approve, I should like to know if would be legal and acceptable for you to cable text of obligations to be signed and authority to American Ambassador and myself to sign certificates on condition that proceeds be deposited with Bank of Spain to credit of Secretary of the Treasury. Presume it would be satisfactory to pay 5 per cent interest on such obligations. The premium on pesetas is damaging their trade with South America and Spanish officials realize advantages in having normal rate of exchange. They prefer to deal direct with New York and while willing to pay for American purchases under present agreement in pesetas at current rate, refuse to agree to payment in pesetas at par of exchange. They argue this would increase cost to Spanish importers and that by obtaining credits here to cover our requirements we could soon normalize exchange. We can therefore only make our exports payable in pesetas at par after expiration of present agreement. Doubt advantage of having our present sales to Spain made payable in pesetas at current rate of exchange when we can purchase at same rate in open market, which we are unwilling to do and which our banks would be unwilling to do, except to resell to avoid loss in present rising market.

Representatives here of British and French Treasuries are getting firm control of exchange market after two months of work. At first they had to purchase about £5,000,000 in bills but this they have resold besides additional bills amounting to 75,000,000 pesetas which they now have at their disposal. Aside from about \$110,000,000 in balances accumulated by Spanish banks in London and New York during four years, British and French [believe that] balance of trade is now little if any in Spain's favor and that, with proper management and comparatively small amount of money, market can be

put and maintained nearly at par. They desire to have us cooperate with them but have explained we can only assist indirectly.

If we can obtain credits to cover our requirements until expiration of present agreement we could thereafter grant exporters licenses only on condition that payment be made in pesetas at par of exchange and should be able within 12 months thus to obtain sufficient pesetas to cover our requirements and repay credits. From information thus far obtained think 25,000,000 pesetas monthly will cover our requirements after January 1 because it will then be impossible to purchase many horses and mules which represent majority of estimated expenditures for this half year. Prefer if possible to avoid necessity of 90-day renewable bills but this seems necessary to enable banks to carry credit with banks of Spain.

Present Allied offensive having good effect and should assist in negotiations, but while Spanish officials apparently are now willing to cooperate as above indicated, I am not at all sure they will comply and that negotiations may not fail or take another turn when we begin to close proposed arrangements. However, this advance information is given in order that you may cable immediately your general approval and any suggestions or instructions. Davis.

WILLARD

File No. 652.119/1308

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, August 13, 1918, 5 p. m.

1423. Referring further your cable of July 31, 11 a. m., Embassy's 1608,¹ also your cable of August 2, 6 p. m., Embassy's 1631,² duly received.

We believe any agreement you can make at fixed rates of freight for Spanish tonnage, basis of third proposition, will be acceptable. We, of course, prefer time charter first; second, lump-sum charter, by which they give us the full capacity of the vessel for respective voyages; third, the basis of rates on cargo, weight or measurement varying according to destinations, Italy, French Mediterranean or French Atlantic ports. Any block of tonnage you may secure would be acceptable. The British have asked us to allow the *Serantes*, *Gloria*, and *Carasa* to remain on the other side for the ore trade, but we will not consent until we hear from you as to whether this will interfere with your negotiations.

LANSING

¹ *Ante*, p. 1691.

² *Ante*, p. 1692.

File No. 852.51/56

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, August 16, 1918, 6 p. m.

[Received August 17, 12.15 p. m.]

Following for Leffingwell [from Davis]:

No. 9. Subject to agreement by Bank of Spain, Government and bankers have tentatively agreed to establish credits in favor of New York banks up to 250,000,000 pesetas to be made available as promptly as possible. Ninety-day bills [to be] drawn on specified Spanish banks by American banks and guaranteed by deposit in New York with trustee selected by Treasury Department and Spanish Ambassador of equal amount of Treasury certificates of indebtedness. Spanish banks are to charge $\frac{1}{8}$ of 1 per cent for each 90-day acceptance and are to discount bills at the rate of $4\frac{1}{2}$ per cent provided Bank of Spain agrees, for duration of credit, to rediscount same at $3\frac{1}{2}$ per cent. Spanish officials express confidence in securing Bank of Spain's consent to this plan. He [*sic*] stated that governor and executive committee of Bank of Spain are all absent for summer but Minister of State has telegraphed them to be in San Sebastian for conference Saturday. I shall leave for there tomorrow to attend conferences and, if possible, to conclude negotiations.

There is stamp tax of 4 pesetas per thousand on 90-day bills which, if paid by American banks drawing the bills, would make funds received under credit cost altogether $5\frac{3}{8}$ per cent interest. I am endeavoring to get Spanish bankers to assume this tax or Government to exempt same, but am not very hopeful of success.

As it might take some time to arrange syndicate for entire 250,000,000 pesetas, Banks of Barcelona and Urquijo have practically agreed to establish credit of 75,000,000 pesetas on the same conditions, and as part of but independent of larger credit, conditional on obtaining approval of Bank of Spain of which 25,000,000 pesetas will be made available as soon as details can be arranged and 50,000,000 in September. These two banks will also undertake to arrange the syndicate for 175,000,000 pesetas to complete amount desired. Present understanding is that bills may be renewed until approximately nine months from now, at which time 25 per cent of credit used will be liquidated and thereafter 25 per cent every 90 days. Have explained to Spanish Government that we would reserve option under present agreement to receive payment for cotton and petroleum in dollars or in pesetas at current rate and after this, option to receive payment in pesetas at par of exchange. Under such arrangement

it appears we could easily cover our requirements and liquidate credit as indicated.

In order to make first 25,000,000 pesetas available as soon as possible Banks of Barcelona and Urquijo suggest that when proposed arrangements are agreed upon and completed, the American banks which are to draw the bills for first 25,000,000 pesetas may authorize someone here to issue the bills on their behalf. Understand bills for first 75,000,000 pesetas will be drawn on Urquijo and Bank of Barcelona in equal amounts. Unless you consider it advisable, do not see necessity of forming American banking syndicate, as agreement may provide that any American bank may draw bills against credit to extent of Treasury certificates purchased and deposited by them. It may be expedient and advisable for first 25,000,000 and probably entire 75,000,000 pesetas bills on Banks of Barcelona and Urquijo to be drawn by American banks which have relations with these banks and that when names are obtained of Spanish banks participating in 175,000,000 pesetas credits, similar procedure be followed. Assume you will make arrangements with banks there which are to draw the bills for turning over the proceeds to Treasury or Army and will advise me what banks will bid for first bills.

Before going to San Sebastian hope to reach agreement with Spanish officials here, subject to approval (by?) Washington, relative to reciprocal supply of materials after expiration of present agreement. Think it will be unnecessary to increase quantities beyond those specified in present agreement. But naturally, in consideration of establishing proposed credit and continuing to supply us with materials specified in agreement, they request assurances that we will continue to furnish them with cotton, oils, etc. Spanish Government is now ahead of us in performance of agreement. Unfortunately some of principal requirements of our Army from here, namely, horses, mules, railroad ties, and laborers, were not provided for in present agreement and understand only delays in obtaining licenses for exports have been for such purchases not included in agreement. Spanish Government has, however, just consented to shipment of several thousand railroad ties and about 6,000 horses and mules but it will be difficult, if not impossible, to get them lift embargo against further exportation of horses and mules. They claim that French since the beginning of the war have taken out 400,000 horses and mules as a result of which prices have increased from 500 to 2,200 pesetas per head; that even at this price Spanish Army is having considerable difficulty in purchasing its annual requirement of remounts and that further depletion of stock will have disastrous effect on agricultural output. Some of our representatives think

embargo on further exports was instigated by Germans. While this may be true, in my opinion, ruling consideration was that above stated. Understand Pershing cabled War Department two weeks ago to request State Department to make strong representations to obtain consent of Spanish Government to permit continuance of exports of horses and mules. Ambassador Willard has, however, received no instructions from State Department and under such circumstances I should like to know to what extent contemplated negotiations should be contingent on obtaining further concessions.

Minister of Labor apparently inclined to allow common laborers to go to France provided it can be done in such way as to avoid infringing neutrality but will advise me definitely tomorrow.

While question of obtaining requirements for Army does not directly concern me, I feel we should assist where possible and that our purchases here [should be balanced by] our supplies to Spain which is basis for obtaining required [credit].

WILLARD

File No. 652.119/1431

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, August 17, 1918, 12 noon.

[Received August 18, 12.37 p. m.]

For Leffingwell [from Davis]:

No. 10. Your No. 5.¹ Sorry War Trade Board has granted licenses for balance of cotton for Spain for shipper [shipment?] on consignment as this will make my negotiations more difficult. Most of our ammunition was used in making present Spanish agreement and if all concessions made by War Trade Board are given out there to the press it is rather difficult for me to negotiate by offering concessions which have been [previously] granted and published. Am glad War Trade Board decided not to deduct petroleum lost from regular Spanish allotment, but it would have assisted me very much to have been authorized to make this offer in connection with negotiations, instead of its having been made and published there previously.

Chadbourne, with my concurrence recommended by War Trade Board, issued cotton licenses corresponding to June only, our opinion being that it was unnecessary and inadvisable to issue further licenses pending my negotiations here, and the adoption of necessary modifications in plan for the license and future distribution of cotton for Spain.

The Spanish Government is protesting seriously against the present system by which American exporters and some Spanish dealers have shipped cotton to their own agents, who take advantage of

¹ *Ante*, p. 1696.

artificial scarcity to exact exorbitant prices considerably in excess of cost and customary profit.

Licenses for export of cotton appear to be granted to very few firms, many of whom are exacting these exorbitant prices. Spanish Government does not understand this and it causes speculation, general confusion, dissatisfaction and considerable suspicion on the part of Spaniards who seem to think our Government is assisting American merchants to profiteer. Some spinners have been able to get more than they need, others not enough, and mills must either shut down or pay any price demanded to obtain supplies required.

Chadbourne and his associates confirm above statements and agree to accept that licenses for cotton corresponding to July last and August should be cancelled until a more satisfactory plan has been adopted, and even then, in connection with my negotiations, but if these licenses cannot be cancelled then the American exporters should be required to ship cotton and dispose of same only to the manufacturers and upon conditions as to price and payment agreed upon by War Trade Board and Treasury Department. Chadbourne will cable shortly recommending plan for future licensing and distribution. Spanish Government strongly urging that consignment of cotton to agents, where the cotton has not previously been sold, be discontinued, and the licenses be granted only to or for specific spinners up to a total of 35,000 bales based on [number] of spindles actually in operation. To protect spinners from extortion by cotton merchants, Spanish Government also urges that when Spanish Cotton Committee and War Trade Board representative agree upon allotments to each spinner, licenses will accordingly be issued to the respective spinners or their agents, who may with such [licenses] purchase from any dealer in United States who offers most favorable prices and conditions. Davis.

WILLARD

File No. 103.96/2602

*The Ambassador in Spain (Willard) to the Secretary of State*¹

[Telegram]

MADRID, August 19, 1918, 10 a. m.

1692. For War Trade Board [from Smith]:

Your cable 1411, August 10. Am leaving for home today. Please notify Ward Line, New York. Full report to you in Washington necessary. No headway possible while Government and owners maintain present attitude. Smith.

WILLARD

¹ Copied from confirmation; original not received by wire.

File No. 652.119/1386

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, August 21, 1918, 5 p. m.

1461. For Davis from Leffingwell:

Treasury 9. Your 6 and 8, Embassy's unnumbered August 11, 11 a. m., and 1684,¹ August 14, 9 p. m. Understand suggestion to sell Treasury certificates now abandoned. Much interested in your report of British and French exchange operations. Cable fullest possible information as to method of operations and desirability of our joining in same with all details you can as to ways and means. What is present rate of exchange between Spain and London and Paris? Result your report of British-French exchange operations and reduced demands of our Army in consequence embargo strongly inclines us to go into some joint arrangement with British and French to bring general rate down rather than to segregate rate for Army purposes from market rate. In this connection you will recall that the French have some Spanish securities here. We are now prepared to allow the French to anticipate some of their maturities in order to release such securities if they are made available to meet Spanish situation. Will cable specific description of securities if of interest and you have net list with you. Plan of banking credits on 90-day bills would not solve our problem if it were undertaken merely to provide pesetas for Army use. However, await details and full advices from you before finally determining.

Am considering taking advantage of banking credits to be negotiated by you by selling our peseta certificates of indebtedness to group of New York banks under leadership of Federal Reserve Bank, these banks to avail themselves of credits opened by Spanish banks and to use proceeds so far as necessary in cooperation with British and French to reduce market rate to par. Banks would be protected by certificates of indebtedness for which they would pay Treasury not less than par in dollars at par of exchange and all profit in operation less agreed profit to them. Arrangements should therefore make amount of credit up to pesetas 250,000,000 optional with American banks and all renewals optional. Also there must be stipulation to permit payment in gold at the rate of 29.0322 grammes per peseta.

Not satisfied that it is necessary to put [Chadbourne's?] 201¹ into effect and if not necessary it is highly undesirable. If with consent of State Department it were finally decided to put it into effect, it would be limited to say cotton and petroleum. This might ultimately provide enough pesetas to meet our Army needs but would

¹ Not printed.

not improve general exchange and might cause further depreciation of dollar in commercial dealings with Spain.

LANSING

File No. 652.119/1457

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

SAN SEBASTIAN, August 21, 1918, 7 p. m.

[Received August 22, 12.50 p. m.]

1704. War Trade Board [from Chadbourne]:

215. Department's 1409, August 9, War Trade Board 189,¹ and Embassy's 1559, July 19, our 158.² Your paragraphs 1 and 2 accord with our understanding, but for convenience, we recommend one committee with two subdivisions as stated in following resolutions adopted at meeting August 17, and submitted for your approval.

(Translation)

The Inter-Allied Commercial Bureau at Madrid shall have two divisions known as Inter-Allied Purchasing Committee and Inter-Allied War Trade Board. Each of the Allied Governments shall have a representative on each committee, so that each committee will be composed of as many members as there are Allied Governments represented. The members of the two committees shall meet jointly and make their decisions in concert on all questions which may be of common interest to the two committees. Each committee may meet and make decisions independently in respect to all questions interesting it alone, but decisions taken by each committee shall always be recorded in joint minutes, which will be a continuation of the meetings of the Inter-Allied Commercial Bureau thus far held. These minutes shall be in three parts, one for decisions taken by the two committees in common, one for decisions of the Inter-Allied Purchasing Committee acting alone, and one for decisions of the Inter-Allied War Trade Board acting alone.

It should also be stated that the French and British members of the purchasing committee buy not only for their armies, but for their civilian population as well.

Your paragraph 3 accords with our understanding. Will discuss in detail matters therein mentioned at next meeting of committee, August 24, including question of machinery necessary to effective functioning as requested in your paragraph 5, and report further. Believe it may be desirable to extend list mentioned your sub-paragraph (3) to include flax, antimony, nickel, preservatives, leather and leather products, this on the suggestion of Brandon, French purchasing agent. Neither of the committees as such makes purchases and their functions are as you state them in your sub-paragraph

¹ *Ante*, p. 1694.

² Not printed.

(4), but the individual members of the purchasing committee do make purchases for their respective Governments.

Your paragraph 4. Agree that unless and until further developments make a change desirable, committees should report to respective ambassadors. Your paragraph 5 answered above; will report further. Your paragraph 6. Will ask Italian Ambassador to name representative. Ervin, Chadbourne.

WILLARD

File No. 652.119/1423

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, August 24, 1918, 4 p. m.

1479. For Davis from Leffingwell:

Treasury 10. Your 9, 10, and 11, Embassy's unnumbered August 16, 6 p. m., unnumbered August 17, noon, and 1691, August 18, 8 p. m.¹

1. For the purposes set forth in our 9 approve your closing arrangement on lines you suggest by which we are afforded opportunity to avail of banking credits. Understand that this is merely an option to us and presume terms you state involving interest rate of 6 $\frac{3}{5}$ [5 $\frac{3}{5}$?] including commission and stamps are best obtainable. It is important that we do not commit ourselves to employ banking credits obtained to pay for our Army purchases in Spain so that we may if so determined carry out exchange operations (see our 9).

2. If exchange operations are undertaken it would be best to enlist cooperation of considerable number of banks here. It could probably be arranged that bills for first 75,000,000 pesetas be drawn by American banks having relations with Bank of Barcelona and Bank of Urquijo.

3. Impossible to make definite plans here until we receive information requested in our 9. Whether or not exchange operations plan is decided upon, much as we miss you here, advisable for you to remain for present in Spain or France or England where you can return to Spain when necessary. Crosby I understand has been ill and may need your assistance until permanent European arrangements made.

4. It seems to us that fair dealing required War Trade Board to carry out its agreement with Spain and licensing of cotton could not be longer delayed awaiting report from Chadbourne on plan suggested in War Trade Board's 158.² We cannot understand why Spanish Government does not control cotton importations fixing the price and allocation of allotments to Spain. In fact we had understood they were doing both. It would only add to confusion if any

¹ No. 1691 not printed.

² Not printed; see telegram No. 1797 of Nov. 12, to the Ambassador in Spain, post, p. 1715.

outstanding licenses for cotton exports should be canceled. Have communicated to War Trade Board your cables and they will as to September and later allotments of cotton adopt method described in their 158 to Chadbourne which he has approved.

5. Note it is expected to postpone making new trade agreement.

6. While, with approval of Ambassador and War Department, we should aid in attempting to obtain laborers, financial arrangements necessary to enable us, through exchange operations or otherwise, to obtain pesetas needed to pay for Army purchases made and in contemplation must not be dependent on agreement being reached to obtain laborers.

LANSING

File No. 852.51/61

*The Special Financial Delegate in Spain (Davis) to the Spanish Minister of State (Dato)*¹

SAN SEBASTIAN, August 28, 1918.

EXCELLENCY: With a view to fostering and facilitating trade relations between the United States and Spain and the mutual exchange of their respective commodities, the Government of the United States of America and the Government of His Catholic Majesty have reached the following agreement:

First. This agreement is supplementary to the agreement made between said Governments under date of March 7, 1918, the stipulations of which remain in force and become a part of this agreement.

Second. The Spanish Government hereby authorizes the granting of credits by Spanish banks or bankers to banks or bankers of the United States of America up to the amount of 250,000,000 pesetas, which may be availed of by bills drawn at 90 days' sight during the next nine months. These bills may be issued or renewed for the periods which the bankers agree upon, provided the agreement of March 7, 1918, as supplemented by the present agreement, continues in effect or is modified by mutual consent of both Governments, or, if said agreement is not expressly extended or renewed, the interchange of commodities between the two Governments continues substantially as provided for in said agreement. The Spanish Government will permit the free importation of gold which may be required for payment of these credits.

Third. It is the aim of both Governments to foster the direct reciprocal interchange of commodities by means of direct financial relations between the bankers of the respective countries.

Fourth. It is understood that the pesetas furnished to the American bankers under the credits authorized in article *second* are to be used for purchases made in Spain by the United States or its

¹Received Sept. 20 as enclosure to the Ambassador's despatch No. 1301, Aug. 29, 1918. Despatch and identic note of the Minister of State to the Special Financial Delegate, Aug. 28, not printed.

nationals, and it is contemplated that said credits will be liquidated by the exportation from the United States to Spain of cotton, tobacco, petroleum, machinery and other articles. Payment for purchases up to the 31st of December, next, may be made in pesetas or dollars at the current rate of exchange at the time of making payment. After the 31st of December, next, the purchases shall be subject to such general regulations as the United States may adopt for neutral countries in which conditions similar to those with Spain may exist.

Fifth. In addition to the interchange of commodities established under the agreement of March 7, 1918, both Governments, in a spirit of friendly accommodation and with the desire of fostering their mutual commercial relations, shall permit the export of such additional quantities of the articles specified in said agreement and of other commodities as may be requested and conveniently spared, having in view their respective needs and international obligations. It is understood that the United States Government will not deduct from the regular amounts of petroleum allotted under said agreement the quantities lost on the steamships *Serantes* and *Ramon de Larrinaga*.

Sixth. Both Governments will endeavor to have export licenses granted with regularity and without undue delay, and to prevent abusive advances in prices.

I avail myself [etc.]

NORMAN H. DAVIS

File No. 852.51/62

*Spanish-American Financial Agreement of August 29, 1918*¹

MEMORANDUM OF AN AGREEMENT made this 29th day of August, 1918, at San Sebastian, Spain, by and between the United States of America by its Special Financial Delegate in Spain, Norman H. Davis, and the Banco Urquijo, having its principal office in Madrid, Spain, by its Managing Director, Luis de Urquijo, and the Banco de Barcelona, having its principal office in Barcelona, Spain, by its General Manager, Jose Maria Martinez Marques.

WITNESSETH:

First. The Banco Urquijo and the Banco de Barcelona hereby jointly open a credit of seventy-five million (75,000,000) pesetas in favor of such bank or banks in the United States of America as may be hereafter designated by the Treasury Department of said United States, or by the Federal Reserve Bank of New York.

Second. Said credit of seventy-five million (75,000,000) pesetas shall be available to such designated bank or banks upon presentation of bills of exchange, drawn as follows:

Twenty-five million (25,000,000) pesetas, or any part thereof, on or after September 5, 1918;

¹ Received Sept. 20, as enclosure to despatch from the Ambassador in Spain, No. 1305, Sept. 1, 1918.

Twenty-five million (25,000,000) pesetas, or any part thereof, on or after September 20, 1918: and

The balance, or any part thereof, on or after September 30, 1918.

Provided, however, that any part of said credit of 75,000,000 pesetas not originally availed of within three (3) months of the date of this agreement, shall be no longer available hereunder.

Third. The bills drawn under this credit shall be at ninety (90) days' sight, one-half in amount of said bills to be drawn on each of said banks. Each bank shall accept all drafts drawn against it under this agreement, and shall receive for such acceptance a commission of one-eighth ($\frac{1}{8}$) of one (1) per cent of the face of each ninety (90) day bill.

Any original bill drawn under this agreement may be renewed at maturity one (1), two (2), or three (3) times by the delivery of new ninety (90) day bills. The respective bills shall be drawn in denominations of two hundred fifty thousand (250,000) pesetas, or fractions thereof.

Fourth. Each of said banks, when requested, shall discount, or procure the discount of, any bill drawn under this agreement at the rate of four and one-half ($4\frac{1}{2}$) per cent per annum.

Fifth. Each bill drawn under this agreement is to be secured by the deposit with a trustee in New York City, United States of America, of obligations of the United States, to the amount of the face of such bill. Said trustee shall be jointly acceptable to the Treasury Department of the United States and the Spanish Ambassador to the United States, or his duly accredited representative. Said obligations so deposited as security shall be duly authorized and legally issued, obligations of the United States Government, payable in pesetas, or, at the option of said Government, in gold coin or gold bars at the rate of twenty-nine decimal point naught three twenty-two (29.0322) grammes of fine gold per one hundred (100) pesetas, in not more than one (1) year from their date, and bearing interest at not less than four and one-half ($4\frac{1}{2}$) per cent per annum. Any obligations, so deposited, maturing before the bill or bills for which they are deposited as security may be withdrawn by the substitution of like obligations with later maturities approximately coinciding with the final maturities under this credit.

Sixth. The Banco Urquijo and the Bank of Barcelona agree respectively to pay one-half of any stamp or any other tax required under Spanish law on any bill drawn against them under this agreement.

Seventh. It is understood that the American banks to be designated as eligible to draw bills on the Spanish banks against the credits herein established are to be members of the Federal Reserve System.

Eighth. On or before September 25, 1918, the Banco Urquijo and Banco de Barcelona, or bankers which the Spanish Government will designate, furthermore agree to form a banking syndicate or consortium of Spanish banks or bankers, which shall establish an additional credit up to the amount of one hundred seventy-five million (175,000,000) pesetas in favor of such bank or banks in the United States of America as may be hereafter designated by the Treasury Department of the United States or by the Federal Reserve Bank of New York. This credit for one hundred seventy-five million (175,000,000) pesetas, or any part thereof, shall be made available under the same conditions of interest commission, acceptance, discount, security, bills, renewals, and otherwise, as are provided herein for the credit of seventy-five million (75,000,000) pesetas. The bills under the larger credit may be presented for acceptance and discount at any time after October 1, 1918, and before June 1, 1919, but not in excess of fifty million (50,000,000) pesetas in any term of thirty (30) days.

The Banco Urquijo and Bank of Barcelona, or the Spanish Government, will on or before September 25, 1918, furnish through the Ambassador of the United States of America in Spain the names of the additional banks against which bills may be drawn under the one hundred seventy-five million (175,000,000) peseta credit, and the amount of bills which may be drawn against each respective one.

Ninth. The credits under this agreement are established with the authorization of the Government of His Catholic Majesty and in accordance with an agreement executed between said Government and the Government of the United States of America. It is contemplated that the bills drawn under the within agreement will be paid at the final maturities indicated with pesetas received in payment for cotton, petroleum, machinery, etc., exported from the United States of America, but it is understood and agreed that if for some unforeseen reason this is not done, the bills, or any part thereof, may be paid in gold which will be received by the Spanish banks on the basis of twenty-nine decimal point naught three twenty-two (29.0322) grammes of fine gold for one hundred (100) pesetas. If, however, the drawer of any such bills so elects to pay same in gold at final maturity and the Bank of Spain at such times refuses to receive gold at the parity basis as above stipulated, then the accepting bank of the corresponding bill reserves the right—instead of thus receiving gold in payment thereof—to renew the respective bill or bills, or any part thereof, at the option of the drawer, up to six (6) months (in two periods of 90 days each). Such renewals shall be accepted and discounted at the same cost to the drawer as the original bill and renewals thereof.

Tenth. It is understood that there is no obligation on the part of the American banks to avail themselves of the above-mentioned credits or any part thereof.

In witness whereof the parties hereto have affixed their signatures by the hands of their representatives as above set forth:

THE UNITED STATES OF AMERICA,
By its Special Financial Delegate,
NORMAN H. DAVIS

BANCO URQUIJO,
By its Managing Director,
L. DE URQUIJO

BANCO DE BARCELONA,
By its General Manager,
J. M^A MARTINEZ MARQUES

(This agreement is executed in triplicate in both the English and Spanish languages.)

File No. 652.119/1886

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, October 16, 1918, 5 p. m.

1681. For Chadbourne [from War Trade Board]:¹

No. 313. Referring Embassy's 1886, October 3, 7 p. m., your 303,² and Department's 1610, September 27, 5 p. m., our 282,² and previous cables² concerning the purchase of mules by A[merican] E[xpeditionary] F[orces]. The War Department has agreed to make available out of its stocks, 20,000 tons of sulphate of ammonia for the purpose of securing release of 50,000 mules. You are authorized to assure the Spanish authorities that the United States will permit the exportation to Spain of 20,000 tons of sulphate of ammonia at the rate of 3,000 tons a month beginning in October, if the Spanish Government will permit the immediate release for the A.E.F. of 50,000 mules.

If this arrangement is made, it is our intention that the licenses for the sulphate of ammonia shall be allocated in accordance with a plan approved by our representative in Spain.

We are repeating this cablegram to Paris in our No. 385 to McFadden.

LANSING

¹ See last paragraph for advice of repetition to McFadden, War Trade Board representative at Paris.

² Not printed.

File No. 652.119/1995a

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, October 17, 1918, 3 p. m.

1687. For Chadbourne [from War Trade Board]:

No. 311. Please consider whether it may not be advisable for us to resume bunker control of Spanish ships in the interests of Spain herself. Large amounts of cotton and petroleum which we have licensed for export are not being lifted and at the same time we are aware of Spanish vessels being employed to lift cargoes of less essentials such as tobacco, etc. It occurs to us that the Spanish Government might welcome an exercise by us of control over Spanish ships which would ensure at least a certain amount of her shipping being kept in trade between the United States and Spain to lift essential commodities.

LANSING

File No. 652.119/1976

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, October 20, 1918, 11 p. m.

[Received October 21, 2.55 p. m.]

5498. Personal for McCormick, War Trade Board [from McFadden]:

No. 519. Department No. 5924, October 16, War Trade Board 385.¹ Lack of animal supplies is become a most serious problem of A.E.F. For example, some divisions are practically immobile in consequence thereof. The remount officers state that the supplies of mules in Spain are quite sufficient for national requirements of Spain but even if same are insufficient, mules will not be required again in quantity until the spring and many things may happen. In the meantime something must be done. It is quite possible Spanish Government for one reason or another will again refuse to release mules, notwithstanding your offer of ammonia, and under such circumstances we venture to suggest most vigorous diplomatic representations and, if necessary, drastic blockade policy, if you think by such procedure the release of mules can be secured. We send this cable on the urgent solicitation of the military advisers of the A.E.F. McFadden.

SHARP

¹ See footnote 1, *ante*, p. 1711.

File No. 652.119/2023a

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, October 26, 1918, 7 p. m.

1736. For Chadbourne [from War Trade Board]:

No. 337. War Trade Board on suggestion of General Pershing has authorized McFadden to put himself at disposal of A.E.F. in undertaking the purchase of horses and mules in Spain. McFadden is advised that War Trade Board is prepared to support him fully either in exerting economic pressure upon Spain, or in granting concessions to Spain, as may seem best, and that it is prepared to take up the matter of securing vigorous and joint representation to Spain by Ambassadors there of Associated Governments. We are confident that McFadden will be much aided by the cooperation of your organization, which we have advised he may confidently rely on.

LANSING

File No. 652.119/2162e

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, November 1, 1918, 7 p. m.

1752. For Chadbourne [from War Trade Board]:

No. 343. We are advised by McFadden that he is unable at least for the present to proceed to Spain to negotiate for horses and mules, but that Senator Hollis has gone to Madrid as personal representative of General Pershing. You will please cooperate in the fullest possible manner with Senator Hollis, lending him the fullest assistance of your organization and advising us as to any pressure which in your opinion should be exerted or any concession which might be offered to secure the desired result.

LANSING

File No. 652.119/1996

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, November 5, 1918, 4 p. m.

1771. For Chadbourne [from War Trade Board]:

No. 354. Your 353, Embassy 1985, October 23, 6 p. m.¹ You are authorized informally to discuss with Ventosa the matter of lifting cotton and petroleum and the imposition of bunker control to insure regular service between Spain and the United States. It is impor-

¹ Not printed.

tant that your conversation be entirely informal in character and designed to ascertain the attitude of the Spanish Government without however committing ourselves to any definite policy or implying that our right to impose bunker control is in any way dependent on Spanish acquiescence.

LANSING

File No. 652.119/2050

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, November 4, 1918, 9 p. m.

[Received November 5, 4 a. m.]

5706. War Trade Board [from McFadden]:

No. 567. We are advised by Madrid:

(1) A.E.F. have purchased or contracted for 47,500 Spanish mules. Prior to first November export permits covering 10,000 had been granted by Spanish Government.

(2) On 2d November Spanish Government authorized export of 25,000 additional and permits covering same will be immediately provided War Trade Board. Total export mules authorized will then be 35,000.

(3) In addition thereto A.E.F. have purchased in Portugal 15,000 Spanish mules which Spanish Government have authorized transmit by rail through Spain and to France.

(4) Position is A.E.F. have purchased or contracted for 47,500 mules against which export permits have been secured for 35,000 and the right of transit through Spain for 15,000 additional from Portugal. We are not yet informed as to compensations given by War Trade Board to Spanish Government in consideration thereof.

A.E.F. desire us to express to State Department and War Trade Board their appreciation of your efforts and support in securing export permits covering these animals. McFadden.

SHARP

File No. 652.119/2048

The Secretary of State to the Ambassador in France (Sharp)

[Telegram]

WASHINGTON, November 11, 1918, 5 p. m.

6247. For McFadden [from War Trade Board]:

No. 434. Replying Embassy's 5695, November 3, 6 p. m., your 559.¹ Your attention is called to the official publication of the capture of 250,000 horses in Italy. If there should be further need of animals for Army, cannot these be employed and save exportation of ammonium sulphate to Spain in exchange for mules? Is it

¹ Not printed.

possible that with the conclusion of an armistice this purchase of mules would not need to be consummated since we are very anxious to save the ammonium sulphate? Offer them flour.

LANSING

File No. 652.119/2006

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, November 12, 1918, 6 p. m.

1797. For Chadbourne [from War Trade Board]:

No. 360. Referring further Embassy's 1988, October 23, 10 p. m., your 252;¹ and 2017, October 31, 10 a. m., your 368.¹ Board believes the plan described in its cablegram No. 158, July 20, 5 p. m., Department's 1339,¹ will be much more satisfactory than continuing as heretofore. Spanish Embassy here has had confirmation from their Government that the plan is accepted. We therefore propose to put the plan into effect at once and request that you immediately publish same and proceed with the issuing of certificates. We are releasing for the morning papers of November 15 the following press notice:

NEW PROCEDURE WITH RESPECT TO SHIPMENTS OF RAW COTTON TO SPAIN

The War Trade Board of the United States announce that the representative of the War Trade Board of the United States in Spain will confer with and obtain from the appropriate Spanish officials and committees a statement of the quantity of raw cotton which each spinner or consumer in Spain is to receive of the 105,000 bales to be licensed by the United States for the three months commencing September 1, 1918, and during each three months' period thereafter.

The War Trade Board representative in Spain will thereupon write a serially numbered letter to each spinner or consumer, stating that the United States is prepared to grant licenses to exporters in the United States acceptable to the War Trade Board for the exportation from the United States of a given quantity of raw cotton to be used by the person named in such letter.

The spinner or consumer whose imports have been determined and certified to in the above manner may purchase the cotton either directly from the exporter in the United States or through the importing merchant in Spain. In either case the serial number of the letter and the name of the spinner or consumer shall be furnished to the exporter in the United States with whom contract is made for the sale of the cotton and must appear on the application for export license.

Such exporters in the United States may apply for export licenses on form X. No supplementary sheet is required. The applicant

¹ Not printed.

must endorse on such application a statement to the effect that the applicant has entered in a contract for the sale of the quantity of cotton as specified in the application, and furnish the serial number of the letter issued by the War Trade Board representative in Spain.

Attention is directed to War Trade Board ruling No. 265, and exporters are requested to make their applications conform thereto.

LANSING

File No. 652.119/2230

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, November 22, 1918, 9 a. m.

[Received 2.01 p. m.]

5953. War Trade Board [from McFadden]:

No. 621. The following is the text of official communication received to-day from General Dawes:

Colonel Corbusier has been directed this date to immediately cancel all contracts for animals both in Spain and Portugal, and that all purchases of animals would be stopped as soon as possible in accordance with terms of contracts. Total number of animals received from Spain to date as reported is 11,590. It is estimated that no more than 4,000 animals will be received after contracts are canceled. Signed, Rogers, Quartermaster General, Army.

In connection with foregoing we are informed by Senator Hollis that no definite promise as regards compensation was given by him to the Spanish Government other than his personal assurance of a recommendation to the War Trade Board to release 20,000 tons of sulphate of ammonia on a basis of securing the release from Spain of 50,000 animals for shipment to France. It is therefore our understanding that it is optional with you as to whether or not you wish to release the sulphate of ammonia to Spain. McFadden.

SHARP

**THE TAKING OVER BY SPAIN OF GERMAN SHIPS TO REPLACE
SPANISH SHIPS SUNK BY GERMAN SUBMARINES**

File No. 763.72/11009

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram—Extract]

SAN SEBASTIAN, August 14, 1918, 7 p. m.

[Received August 16, 9.40 a. m.]

1677. Minister of Foreign Affairs has just stated to me that he had instructed Spanish Ambassador in Berlin to inform German Foreign Office on 16th instant that for each Spanish boat thereafter

sunk by German submarines, Spain will take possession of a German merchant vessel refugeed in Spanish ports. Minister of Foreign Affairs will tomorrow morning likewise inform German Ambassador in Spain. . . . Minister of Foreign Affairs expressed some fear that Germany may break diplomatic relations with Spain but admitted that this would be preferable to the conditions under which Spain is now living and that Germany's constant and unwarranted sinking of Spanish merchant ships practically constituted a state of war. He added that Spain could never accept German safe conducts for her ships. He concluded by saying that as his policy towards Germany had been supported by the Council of Ministers he would for the present remain Minister of State.

WILLARD

File No. 763.72/11078

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram—Extract]

SAN SEBASTIAN, August 22, 1918, 2 p. m.

[Received August 23, 8.30 a. m.]

1708. Rather unexpected if not sudden meeting of Council of Ministers was held here 20th instant at which were present all ministers except Minister of Finance. Minister of Foreign Affairs stated yesterday evening that he had received from German Government no reply to representations by Spanish Ambassador in Berlin. However, the impressions he had gathered from Spanish Ambassador in Berlin and from German Ambassador here were to the effect that German Government, on account of public sentiment in Germany, could not afford to yield her submarine warfare and therefore that the Spanish ships carrying contraband would continue to be sunk. Minister of Foreign Affairs stated that Spanish Government had taken a definite position, would not change its determination, and for each Spanish ship thus sunk a German ship refugeed in Spanish port would be seized. He then expressed the belief that immediately upon such seizure Germany would break diplomatic relations with Spain. He stated that Spain could take no other position regardless of the consequences.

In response I ventured to say that, though I was without instructions from my Government, I felt Spain had adopted the only course left open to her and if a breach of relations should result therefrom, that I was personally of opinion [she] might rely upon the United States' willingness to supply Spain as far as possible with those things essential for her national and economic life. . . .

WILLARD

File No. 763.72/11097

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

SAN SEBASTIAN, August 25, 1918, 10 a. m.

[Received August 26, 2.14 p. m.]

1725. Embassy's 1708, August 22, 2 p. m. On 22d instant German Ambassador had second long conference with Minister for Foreign Affairs. On following day British Ambassador had conference with Minister for Foreign Affairs who informed him as follows: That German Ambassador when first informed of policy decided upon by Spanish Council of Ministers stated that Germany must consider such seizure of any German vessels as a hostile act and that war would follow. However, at second interview when German Ambassador recognized determined attitude of Spanish Government he suggested that when Spanish boats were sunk by German submarines negotiations should be at once instituted looking to monetary settlement. Minister for Foreign Affairs replied that Spain did not desire money in return for ships sunk but must have ships, that Spain could no longer permit the sinking of her ships and killing of her citizens engaged in legitimate commerce. German Ambassador then suggested that Germany by means of safe conducts would permit Spanish boats to engage in transporting to Spain those articles necessary for her economic life, but iron ore from Spain to England was contraband and was used eventually for killing German soldiers and that therefore Germany could not permit this commerce. Minister for Foreign Affairs replied that iron ore under discussion was given in exchange for coal and other commodities which were essential to Spain's economic life and to the livelihood of her citizens and could be obtained in no other way, that Spain did not recognize Germany's right to dictate what was contraband of war nor to designate what was a prohibited zone upon the high seas and that in conclusion he, the Minister for Foreign Affairs, could not permit his notification of Spain's determined policy to be turned into the beginning of general negotiations concerning such policy.

Minister of Foreign Affairs stated to British Ambassador that his impression was growing that Germany would not break off diplomatic relations with Spain as he had at first thought. German Ambassador left San Sebastian for Santander morning of 23d instant for purpose of seeing President of Council of Ministers and His Majesty in the apparent hope of changing their determination concerning policy under discussion. Embassy is informed that both parties to whom reference is made will firmly support statements of Minister for Foreign Affairs, hence each will inform German

Ambassador that position taken by unanimous action of Council of Ministers cannot be changed.

WILLARD

File No. 763.72/11163

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

SAN SEBASTIAN, August 29, 1918, 1 p. m.

[Received August 30, 1.55 p. m.]

1743. Late yesterday afternoon Prime Minister summoned all Ministers, diplomats absent to come to Madrid immediately for council to be held there today. They declined to give any information as to reason for this sudden meeting. Embassy has just learned that Spanish ship *Carasa* which left Bilbao for Cardiff with cargo of minerals on August 19, has been torpedoed. Six victims, no further details known at present. News of first sinking doubtless known to Spanish Government yesterday and was reason for council. In view of recent Spanish note to Germany (1708, August 22, 2 p. m., and 1725, August 29 [25], 10 a. m.), a very grave situation has arisen.

WILLARD

File No. 763.72/11172

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, August 30, 1918, 1 p. m.

[Received August 31, 4.25 a. m.]

Embassy's August 30, noon.¹ Minister of Foreign Affairs requested me to obtain telegraphically from my Government replies to following questions: (1) How were Germans in America treated upon severance of relations? (2) How were they treated after declaration of war? (3) Upon severance of relations what steps were taken with respect to German ships in American ports? (4) Upon declaration of war what steps were taken with respect to these ships?²

WILLARD

File No. 763.72/11171

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram—Extract]

MADRID, September 1, 1918, 5 p. m.

[Received September 2, 9.40 a. m.]

1751. Yesterday afternoon ministerial conference took place. All members of Cabinet were present except Minister of Public In-

¹ Not printed.

² Reply of Oct. 4, telegram No. 1642, giving information requested, not printed.

struction. Rumor indicates that there was a stormy session respecting torpedoing of Spanish vessels especially the *Atxeri-Mendi* of Bilbao which was reported in Madrid yesterday morning as having been sunk by German submarine. Report confirmed in this morning's papers which state vessel was bound with coal from England to Spain and was sunk off Irish coast 27th instant. Upon adjournment of Council of Ministers *communiqué* was given to press making public: reported sinking of *Atxeri-Mendi*; determination of Government to secure definite facts and in the event of verification of report to put into effect resolution of Council of August 10, namely, to seize a German vessel for each Spanish vessel sunk; creation of a ministry of supplies with Ventosa, former Minister of Finance under Marquis of Alhucemas, at its head.

Minister of State in personal note of this date to me confirms information contained in *communiqué*.

WILLARD

File No. 763.72/11197

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, *September 2, 1918, noon.*

[Received September 3, 9 a. m.]

1752. Minister of State received me last night. He stated that at the evening meeting on the 31st, Council of Ministers had before it complete confirmation of sinking of *Atxeri-Mendi* and has unanimously decided to seize in retaliation one of the German vessels now in Spanish ports. He expected to return to San Sebastian to-night in order to communicate Minister of Trade and Commerce's decision to the King and to German Ambassador. He said that vessel would be seized immediately after steps had been taken against possibility of disorder, that complete information respecting sinking of *Carasa* had not been received but that if confirmed another German vessel would be seized. He believed that Germany would then sever relations and added that although Spain earnestly desired to maintain neutrality she would insist upon her rights.

In reply to inquiry respecting attitude of individual ministers he said that the Minister of Public Works had not opposed his policy at Council of 31st, but that neither Cambo nor Minister of Marine nor Minister of Interior had displayed much enthusiasm in supporting policy. He then reiterated to me with some feeling statement that the Ministry well understood that unless his foreign policy, and especially his policy with regard to question at issue with Germany, were supported he would immediately resign. It is conceded in political circles that his resignation would be imme-

diately followed by resignation of Ministers of Justice, War, and Finance. Another meeting of Council is to take place today, but Minister of State informed me that foreign affairs would not be considered although Alba, Minister of Public Instruction, who had at first opposed his policy, would be present. He characterized as unfounded rumors that other Spanish vessels had been sunk.

I shall return to San Sebastian to-night unless Minister of State changes his plans or situation successfully changes.

WILLARD

File No. 127.6/5a

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, September 3, 1918, 2 p. m.

1504. Advise Department at once if there is any action which you wish the War Trade Board to take in order to assist you in the present delicate diplomatic situation in Spain.

LANSING

File No. 763.72/11315

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

SAN SEBASTIAN, September 5, 1918, 10 a. m.

[Received 2 p. m.]

1772. Military attaché reports as follows:

September 3, 8 p. m. German Embassy distributed to pro-German and subsidized press in Madrid this morning the text of the German answer to Spain's note. Naturally it will not be permitted publication. It is in language as follows:

Germany will deliver to Spain an equivalent tonnage for all Spanish vessels illegally or unjustly sunk by her submarines; this, however, will be done only after a full and germane exchange of communications on the part of both Governments. The confiscation by the Spanish Government of any interned German vessel in its ports without any good reason for submitting the principal matters to a full and frank discussion of the merits of each individual case, will be considered by Germany as a cause for war. Lang.

Embassy as yet unable to confirm blockade report.

WILLARD

File No. 652.119/1575

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

SAN SEBASTIAN, September 5, 1918, 1 p. m.

[Received September 7, 11.05 a. m.]

1776. Department's 1504, September 3, 2 p. m. Embassy ventures to suggest instructions to the effect that Embassy may in its dis-

cretion informally and personally notify Minister of Foreign Affairs of the possibility that the increasing demands of our cobelligerents upon the resources and productions of the United States may prevent War Trade Board from continuing to except Spanish shipping from the application of its regulation No. 1 concerning bunkering.¹ However, in the event that Department issues these instructions, it is considered important that War Trade Board should not actually put this regulation into effect nor in any other respect change its present liberal policy towards Spain without first communicating fully with Embassy. If Spanish Ambassador at Washington brings up matter, it is respectfully suggested that he be informed only that the possibility of this exception of application War Trade Board is brought to the attention of Spanish Government in order that no [severe] hardships should result to Spanish shipping in American ports in the event of necessary withdrawal of said exception. Embassy ventures suggest that it be permitted also to say personally to Minister of Foreign Affairs that should Spain in defense of her rights, repeatedly disregarded by Germany, or for other reason feel justified in taking a position more definitely favorable towards the Allies, that the United States would endeavor to continue to except Spain from the application of War Trade Board regulation No. 1.

WILLARD

File No. 763.72112Sa/62

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

SAN SEBASTIAN, September 9, 1918, 1 p. m.

[Received September 10, 9.35 a. m.]

1796. Department's 1514, September 5, 4 p. m.² I have just handed Minister of Foreign Affairs the following memorandum:

The Governments of the United States, Great Britain, France, and Italy, associated in war against the Government of Germany, are acquainted with the fact that the German Government are now attempting to control neutral shipping through a new device improperly termed "safe conduct", which constitutes in fact but a threat of condemnation or destruction unless German control is accepted. Such control might extend to German supervision over all the personnel and passengers, the character and consignment of cargoes, etc., and the movements of the vessel herself.

The Associated Governments observe that enemy control through such a device or otherwise may operate to deprive vessels accepting the same of their neutral character and the Associated Governments accordingly reserve the right to deal with any vessel which has subjected herself to enemy control as the circumstances in each case may warrant.

¹ Ante, p. 946.

² Not printed; see telegram No. 1196, Sept. 5, to the Ambassador in Great Britain, ante, p. 1103.

I said to him in Spanish exactly as follows:

On the part of my Government and as dean of the diplomatic service of Great Britain, France, and Italy accredited to His Majesty's Court, and with their approval, I am handing you informally for your information a copy of a resolution adopted by our respective Governments. As this resolution is being presented to the other neutral governments in Europe, it will be seen that its application is general to all such neutral countries. The Embassies here of the Associated Governments will of course make no publication of this resolution and I am simply presenting it for your information and the information of your Government.

The Minister of Foreign Affairs read the memorandum in my presence (he reads English) and said that it was apparently the decree recently adopted by French Government and published in French newspapers some ten days or more ago. I replied that reference to last clause of memorandum I had just handed him would show that the Governments parties thereto had not declared therein a definite policy toward neutral vessels carrying German safe conducts but had simply given notice that in each such case they would reserve the right of action as circumstances might warrant. He apparently accepted this interpretation. He intimated that he would not publish the resolution which I had handed him but would simply lay it before his Government. He reiterated that his Government could not officially recognize nor could Spanish vessels accept German safe conducts. I replied that I feared possibly commanders of Spanish vessels might readily accept German safe conducts, to which he answered that Spain would not surrender her right freely to navigate the high seas. He stated that Transatlantica boats, partially under Government control, would proceed to South America and United States without safe conducts and if they were sunk by German submarines, all German property in Spain will be immediately confiscated. Embassy is of opinion that commanders of Transatlantica boats now readily accept German safe conducts. I ventured to tell Minister for Foreign Affairs that the memorandum which I had handed him indicated to my mind that the Governments of Great Britain, France, Italy, and the United States had decided to act together concerning question of war policy. He replied that he thought such a policy was wise, would add strength to any determination thus arrived at, and referred to the wisdom which he said already had been demonstrated in the selection of a [generalissimo] for the Allied armies.

Council of Ministers will meet in Madrid, Friday, 13th, instead of 12th as originally planned and it is too early to determine who may or may not attend. In course of general conversation lasting half an hour and in response to his statement that he believes that Germany

would break diplomatic relations with Spain when latter shall seize German boats refueged here, I ventured to say that I do not believe my Government [wishes] to see Spain plunged into war but that Spain's moral and commercial support was greatly desired and that I felt such support would be of great reciprocal advantage to Spain. I have the feeling that the fear of war and of internal trouble which Germans and pro-German Spaniards are endeavoring by every known means to enhance may yet weaken even the avowed policy of the Minister of Foreign Affairs, although I have my [no?] doubt as to the [sincerity] of his personal attitude. It is openly stated that Allies are trying to drag Spain into war and example of Roumania, although cases are not at all similar, is effectively cited. Spain needs Allied pressure tactfully applied and at the present time assurances of all possible aid and support in future eventualities.

WILLARD

File No. 652.119/1708

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

SAN SEBASTIAN, *September 12, 1918, noon.*

[Received September 13, 6.50 a. m.]

1808. Referring again to Department's 1504, September 3, 2 p. m., Embassy is strongly of opinion that War Trade Board should promptly license for exportation to Spain, in exact accordance with terms of agreement of March 7, 1918, all articles included in said agreement, especially cotton and petroleum, and that any pressure, if and when considered to be advisable, should be brought to bear only through the application of War Trade Board regulation No. 1 in regard to bunkering. There is neither moral nor legal objection to the application of this regulation after reasonable notification. Reference is here made to first sentence Embassy's 1776, September 5, 1 p. m.

WILLARD

File No. 652.119/1575

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, *September 17, 1918, 1 p. m.*

1565. Embassy's 1776, September 5, 1 p. m. Department is inclined to doubt the wisdom of your intimating to Spanish Government that War Trade Board may discontinue its practice in excepting Spanish vessels from bunker negotiations. In view of the satisfactory financial agreement which has just been concluded, it is felt that such an intimation of intention to exert further pressure might not be well

received even though the intimation is only made for the purpose of later withdrawing it. Your further views are desired.

LANSING

File No. 763.72/11452

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

SAN SEBASTIAN, *September 17, 1918, 11 a. m.*

[Received September 18, 3.05 a. m.]

1826. Embassy's 1807, September 11, 7 p. m.¹ Minister for Foreign Affairs and King arrived in Madrid yesterday. Will probably preside over Council of Ministers to-day. I did not go to Madrid (Embassy's 1791, September 7, 7 p. m.¹) because colleagues feared that my presence might be construed as attempting to exert undue influence. Embassy will be able, however, to keep Department promptly informed concerning what may occur at Council of Ministers. French Chargé d'Affaires frankly intimates that France considers continuation of exportation from Spain of iron ore and other essential commodities of even greater importance than possibility of leading or forcing Spain to a rupture of diplomatic relations with Germany and is therefore very loath to make her representations or to take any position which may be [construed] as bringing pressure to bear on Spain. British Chargé d'Affaires is somewhat of same opinion. Italian Ambassador seems rather favorable to firmer attitude towards Spain.

WILLARD

File No. 763.72/11514

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

SAN SEBASTIAN, *September 23, 1918, 7 p. m.*

[Received September 24, 2.41 p. m.]

1864. Minister of Foreign Affairs has informed me that preparations are being made to take possession of one or more German vessels refueed in Spanish ports in return for Spanish vessels sunk by German submarines, that while he does not now believe that Germany will break diplomatic relations with Spain, yet German Ambassador here continues to threaten Spain and to state that Germany will consider cause for war the seizing by Spain of any German vessel interned in a Spanish port.

Minister of Foreign Affairs, after requesting that I consider what would follow as strictly confidential, stated that through the French

¹ Not printed.

Ambassador in Washington President Wilson will be informed of the inquiry made of the French Government (by?) the Spanish Ambassador in Paris in order to ascertain what Spain might expect in case of actual conflict with Germany and to determine consequences which the Spanish Government desires to avoid but which it deems it prudent to foresee. Similar inquiry has been made by Spanish [Ambassador] in London. The Minister of Foreign Affairs then stated that in order to exercise all precautions against the discovery of these confidential inquiries he had not extended them in the same manner to the Government of the United States whose attitude he had no doubt, if occasion arose, would conform itself to those of French and English.

He requested that I inform my Government in the most confidential manner and secure therefrom an expression of its views. I responded that I would gladly communicate at once with my Government and suggested in order to avoid possibility of misunderstanding his wish, he send me at once a memorandum of that which he wished communicated to my Government. Within an hour after our conference I received his memorandum under personal confidential cover. It is literally translated and incorporated in this telegram, hence rather peculiar manner of expression beginning with sentence first two groups of which are as follows: "Minister of Foreign Affairs after".

While it is possible the inquiries to which reference is above made are for the purpose of another delay, yet I venture to suggest that assurances on part of United States, France and England that support will be given Spain in the event of conflict with Germany would have great effect here, first on those who are really pro-Ally and second on those who want to pick and support the winners; such assurances would correspondingly depress the pro-German element. Allied successes have had a great effect in Spain and the opportunity thus created should not be lost.

WILLARD

File No. 763.72/11514

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, September 28, 1918, 4 p. m.

1614. Your 1864, September 23. This Government will of course not exercise the slightest influence on the action of Spain. If Spain, however, decides to enter into a state of war with Germany, the United States will naturally support and assist her in every practical way. The above is for your information and guidance and not for formal transmission to the Spanish Government.

LANSING

File No. 763.72/11575

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

SAN SEBASTIAN, September 28, 1918, noon.

[Received September 29, 10.12 a. m.]

1875. Embassy's 1864, September 23, 7 p. m. Minister for Foreign Affairs stated yesterday to Portuguese Minister for Foreign Affairs that Spanish Government would hardly take action concerning seizure of German boat or boats before reassembling of Cortes probably October 15. Nevertheless it is general belief of Allied diplomats here, in which Embassy concurs, that such seizure will be made only after secret ultimatum [*understanding between?*] Spanish Government and German Ambassador. However, if they are accepted [*continued?*], Allied successes may influence Spain to more positive stand toward Germany, although it is thought latter is constantly holding out inducement to Spain that she will be called upon to intervene between belligerents.

WILLARD

File No. 763.72/11514

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, October 5, 1918, 3 p. m.

1639. Supplementing Department's 1614, September 28, 4 p. m., I desire to say for your personal and strictly confidential information that this Government is not anxious to have Spain enter into a state of war with Germany and considers that little would be gained thereby. You will be guided in your intercourse accordingly.

LANSING

File No. 862.85/604

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, October 15, 1918, 12 noon.

[Received October 16, 12.23 p. m.]

1952. Council of Ministers decided last night to take temporary possession of seven German vessels refueed in Spanish ports, as follows: *Eriphia*, *Euphemia*, *Oldenburg*, *Klio*, *Mathilde*, [*Siegfried*], *Rudolf*. Total tonnage approximately 21,000. This decision was arrived at after prolonged and friendly negotiations with Germany, and in said decision Germany has apparently acquiesced.

WILLARD

File No. 862.85/627a

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, November 7, 1918, 4 p. m.

1782. Please ascertain and report by cable [details] of recent transfer of German vessels to Spanish Government. Department understands that this transfer is not absolute and that British Ambassador has informed Spanish Government that the vessels will be seized if found outside Spanish territorial waters.

LANSING

File No. 862.85/626

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, November 9, 1918, 1 p. m.

[Received November 10, 10.25 a. m.]

2057. Department's 1782, November 9 [7], 4 p. m. Reference is also made to Embassy's 1952, October 15, noon, reporting transfer of seven German vessels to Spanish Government. Vessels thus selected for transfer were later changed (see Embassy's 1957, October 17, noon¹); transfer was result of prolonged friendly negotiations between Spanish Government and German Ambassador here; details and conditions of transfer seem to have been left entirely for future consideration. However, Embassy will endeavor to secure definite information from Minister of Foreign Affairs concerning this question, although Department will recognize that it may be difficult to do so during a ministerial crisis.

Reference is now made to Embassy's 2046, November 7, 10 a. m.¹ Have just concluded personal conference with British Ambassador who stated that some days ago he had been instructed by his Government that the Associated Governments did not recognize the transfer to the Spanish Government of certain German vessels refugeed in Spanish ports and that in accordance with these instructions he had informed the Spanish Government that the British Government would seize these vessels if found outside of Spanish territorial waters.

WILLARD

¹ Not printed.

THE CONTROL OF SPANISH SHIPS IN LATIN AMERICAN TRADE—
CENSORSHIP OF MAILS AND BUNKERING REGULATIONS IN
CUBA

File No. 837.711/1

The Secretary of State to the Chargé in Cuba (Scholle)

[Telegram]

WASHINGTON, November 20, 1917, 6 p. m.

Obtain audience with President and point out to him confidentially that this Government has positive knowledge that German agents and German mails are being carried between Mexico and Spain via Cuba. Impress upon him vital necessity of establishing an efficient censorship in Cuba, in cooperation with United States Censorship. Point out that presidential Executive order provides, and that adequate machinery now carries into effect, a strict censorship on all vessels coming from any neutral country and destined to any other neutral country which stop *en route* at any port in the United States, as well as all mails on all ships leaving or entering the United States.

All mails leaving Cuba for any foreign country should be similarly censored. Mails bound for Europe, taken from neutral vessels for censorship, should be re-shipped on some Ally vessel in order to insure control while in transit through France.

In order to insure the greatest efficiency and ease of exchange of officers, it is suggested that the Cuban Government promulgate provisions similar to those obtaining in the United States.

Should the President approve this in principle, an officer of the United States Censorship will proceed at once to Cuba to explain in detail the organization and working of the American Censorship to the end that when the proclamation is made this uniformity will be insured.

In this connection, you may point out that the Government of the United States would desire to enter into an exchange of personnel with the Cuban Government, looking to their employment in the United States.

At the same time bring to his attention that the United States Government, in the establishment and operation of her Censorship, has endeavored to move as quietly and promptly as possible, believing the usefulness of the censor to be largely increased by allowing the least possible reference to his work or existence. Urge prompt action, and keep Department fully and confidentially informed.

LANSING

File No. 837.711/2

The Chargé in Cuba (Scholle) to the Secretary of State

[Telegram]

HABANA, November 21, 1917, 4 p. m.

[Received 7 p. m.]

Your November 20, 6 p. m. President approves in principle and is anxious to have officer come at once to explain.

SCHOLLE

File No. 837.711/4

The Chargé in Cuba (Scholle) to the Secretary of State

[Telegram]

HABANA, November 28, 1917, 12 noon.

[Received 1.40 p. m.]

President has issued a decree establishing censorship on telegrams, letters, newspaper articles, prints, writings and speeches. Sending translation by mail.¹

SCHOLLE

File No. 600.119/488a

The Acting Secretary of State to the Consul at Barcelona (Hurst)²

[Telegram]

WASHINGTON, January 19, 1918.

War Trade Board states that in consideration of bunker and ship's stores licenses, which have been granted to various steamers of Compañía Transatlántica and Pinillos Line, and as an aid to avoid possible future delay, both lines have agreed to adopt all such safeguards as will protect United States Government, and in particular have agreed to following with respect to every vessel under their control:

- (1) As to our searching vessels at any United States ports or possessions in any way we desire;
- (2) Permit our sending two representatives on voyages whenever desired, giving them first-class fare and accommodation equivalent to that furnished masters and officers, the masters keeping such representatives thoroughly informed always regarding all matters respecting destination, intended loading and discharging of all cargo, bunker fuel, ship's stores, vessel's equipment or supplies of any kind;

¹ Not printed.

² The same, except last sentence, to consuls in other ports served by the steamship lines mentioned in the telegram; see last paragraph for instruction to repeat to the consuls at Valencia, Malaga, and Cadiz.

- (3) To carry no cargo excepting as approved by Bureau of Exports, War Trade Board, who will send you separate instructions;
- (4) Masters upon arrival each port, whether United States or foreign, will deliver to you complete manifest all cargo intending to load or discharge your port, copies of all agreements with this Government, and won't load or discharge any cargo, bunker fuel, ship's stores, vessel's equipment or supplies of any kind, until authorized by you, and will allow you to take any reasonable steps to satisfy yourself all agreements with this Government are fulfilled, and will allow you to supervise all such loading and discharging.

Further instructions will follow.

Repeat to Valencia, Malaga, Cadiz.

POLK

File No. 837.711/10

The Secretary of State to the Minister in Cuba (Gonzales)

[Telegram]

WASHINGTON, February 16, 1918, 4 p. m.

Major Van Natta and Captain Robert Goelet, U. S. A[rmy], have been designated as representatives of the United States Censorship Board to act as liaison officers, in Cuba. They will arrive about the 15th instant.

LANSING

File No. 837.711/12

The Secretary of State to the Minister in Cuba (Gonzales)

[Telegram]

WASHINGTON, March 1, 1918, 6 p. m.

Your February 22, noon.¹ All mail in transit between Spain and Mexico, and Spain and other countries of Latin America, which is not subject to the censorship of our allies, is taken, held and examined by the Censorship of the United States, when vessels carrying mail touch at any of our ports.

It is most urgently desired by this Government that all mail terminal and transit, touching at Cuban ports, other than mail originating in or destined for the United States, which has not been censored by our allies, and which will not encounter the censorship of our allies, be subjected to a most searching censorship.

Report by cable result of your representations.

LANSING

¹ Not printed.

File No. 837.711/18

The Minister in Cuba (Gonzales) to the Secretary of State

[Telegram]

HABANA, March 9, 1918, 11 a. m.

[Received 11.45 a. m.]

Mine, March 6, 12 a. m.¹ Two steamships from Spain being due today, one bound for Mexico, I urged upon President that pending general action upon censorship this mail for Mexico be examined. He has just replied: "I took up matter with Spanish Minister and it has been settled in accordance with your wishes."

GONZALES

File No. 837.711/18

The Acting Secretary of State to the Minister in Cuba (Gonzales)

[Telegram]

WASHINGTON, March 9, 1918, 6 p. m.

Your March 9, 11 a. m. Department compliments you upon successfully arranging for censorship in Cuba of all mail in transit by Spanish steamers between Mexico and Spain and vice versa. It is important that this censorship be very carefully performed under direct American control and supervision.

Report fully by pouch upon present censorship conditions—how arranged and how functioning and position and work of American officers.

POLK

File No. 837.711/18

The Acting Secretary of State to the Minister in Cuba (Gonzales)

[Telegram]

WASHINGTON, March 13, 1918, 7 p. m.

Department's March 9, 6 p. m. It is desired that when authority for censorship of Spanish mails under direct American control and supervision be granted it be so comprehensive as to permit at the same time a thorough search of the entire ship, passengers, officers, and crew in discretion of American official. This form of search has been carried out for nearly two years by British Government, all neutral vessels being so searched by them. It is being done by the United States. The great importance of having this work thoroughly and efficiently done under United States control and supervision can not be overestimated. Use your best efforts in arranging for immediate creation by Cuba of such a system.

POLK

¹ Not printed.

File No. 837.711/19

The Minister in Cuba (Gonzales) to the Secretary of State

[Telegram]

HABANA, March 16, 1918, 1 p. m.

[Received 2.21 p. m.]

Your March 13, 7 p. m. We have never asked for and it would be poor policy to stress "direct American control and supervision." The distrust implied would be perilous to success even if request granted in consequence. But we have the censorship and Captain Goelet, the American officer, is guiding the work and exercising all the control he desires. His post requires a man of special qualifications.

Last night I asked the President that in connection with censorship of mails in transit he search the ships and on occasion search passengers, officers, crew, and their effects. Did not mention American control as that can be exercised by American officer or officers working with the mail censoring.

The President said he would do this if Spanish vessels continue to visit Mexican ports but he is strongly opposed to their doing so. Says ships get nothing from there but hemp which should go to United States and he thinks they receive German funds to maintain otherwise unprofitable Mexican connection. Said he was going to propose to agents of steamship companies that they suspend trips to Mexico, that passengers, mail and freight from Mexico for Spain could come by Ward Line to New York or Habana and be taken on there by Spanish vessels and Mexico could be communicated with by Spain via reverse route.

GONZALES

File No. 600.119/600

The War Trade Board Representative in Cuba (Morgan) to the Secretary of State

[Telegram]

HABANA, March 24, 1918, 5 p. m.

[Received 5.32 p. m.]

For Department of State and War Trade Board:

No. 8. Steamship *Alfonso XIII* of the Spanish line which arrives here in a few days has engaged to carry to Mexico 26,000 bags of sugar. Have been asked to bunker her, but I disapprove using our coal for this purpose. Am I authorized to refuse? I have declined to bunker all Cuban ships for this purpose.

In a confidential conference with the President on March 22 he informed me he was in accord with my actions and expressed a wish that the Spanish boats be treated in the same way.

MORGAN

File No. 600.119/488a

*The Secretary of State to the Consul at Barcelona (Hurst)*¹

[Telegram]

WASHINGTON, March 30, 1918, 7 p. m.

In carrying out Department's cables January 17² and 19, *re* Compañía Transatlántica and Pinillos Line, take no steps toward opposing, controlling, supervising, or preventing loading, discharging, or distribution of cargoes, and be careful to avoid violations local law. You may however take any reasonable and proper steps to satisfy yourself that the agreements between this line and the War Trade Board are fulfilled, reporting fully to the Department.

LANSING

File No. 837.711/26

The Minister in Cuba (Gonzales) to the Secretary of State

[Telegram]

HABANA, April 1, 1918, 12 p. m.

[Received April 2, 3.15 a. m.]

My March 29, 12 noon.² Information given me by censorship official that *Alfonso XIII* had proceeded to Mexico incorrect. Ship remains here, coal to proceed Vera Cruz being refused by Mr. Morgan.

President told me today that following our conversation reported in my March 16, 1 p. m., he called in Spanish Minister and agent of Spanish steamship company and proposed discontinuance of service from Habana to Mexico. Agent of company confessed to accuracy of reports of Cuban Secret Service that company doing no freight business with Mexico. President proposed steamships take cargo from here to New York and return to Spain. Spanish Minister consented if President agree to supply coal and provisions for ship. After sending message of inquiry to Mr. Morgan and getting affirmative reply as to furnishing supplies, President so notified Spanish Minister.

On application of steamships for coal to proceed to Mexico, Mr. Morgan asked President if he wished ship to proceed and Menocal replied he had no interest in its doing so and thought it better if communication with Mexico broken. Coal was then refused. President considers Spanish Minister broke his word to him.

¹ The same, on the same date, to consuls in other ports served by the steamship lines mentioned in the telegram.

² Not printed.

President convinced steamships have German subsidy for making Mexico connection, also convinced no amount of search and censorship can prevent communication with Mexico and only safe plan is to break it.

GONZALES

File No. 837.711/26

The Secretary of State to the Minister in Cuba (Gonzales)

[Telegram]

WASHINGTON, April 3, 1918, 4 p. m.

Your April 1, 12 p. m., and April 2, 5 p. m.¹ Department concurs that best solution is for Spanish ships to entirely discontinue run from Habana to Mexico, discharging instead at Habana then returning to Spain via United States.

What disposition was made of mails on *Alfonso XIII*?

LANSING

File No. 600.119/616

The War Trade Board Representative in Cuba (Morgan) to the Secretary of State

[Telegram]

HABANA, April 3, 1918, 5 p. m.

[Received 7.45 p. m.]

Your March 30, 7 p. m. Have taken no steps towards opposing, controlling, supervising or preventing loading, discharging or distribution of cargoes of Compañía Transatlántica and Pinillos nor has any local law been violated. It is a well known fact that these boats have been engaged in German propaganda between Cuba and Mexico, and the President of Cuba has advised me that he is absolutely opposed to their receiving coal in Cuba for voyages to Mexico, and had I agreed to bunker the *Alfonso XIII* it would have caused considerable feeling here, while I was in accord with the stand the President had taken. It is most unfortunate that the Department's instruction of January 19 was received here during my absence in the United States and my attention was not called to it upon my return, as otherwise I would have complied with the agreement of the War Trade Board, the bunker situation throughout the Island being absolutely under my control. The conference which the President has had with the Spanish Minister here has now resulted in instructions by cable being received by the Spanish Minister to order the *Alfonso XIII* back to Spain, and I have furnished her with 1,700 tons of coal for her voyage.

¹ The latter not printed.

In view of the President's attitude please instruct me if I shall in future bunker Spanish boats for voyages to Mexico. Report by pouch follows.¹

MORGAN

File No. 837.711/29a

The Secretary of State to the War Trade Board Representative in Cuba (Morgan)

[Telegram]

WASHINGTON, April 4, 1918, 7 p. m.

Department's circular telegram of March 30, 7 p. m., and your April 3, 5 p. m. While Department hopes that the Cuban Government may be able under its laws and regulations to prevent the vessels of Compañía Transatlántica and Pinillos Steamship Lines continuing their voyages between Cuba and Mexico for reasons given in your April 3, 5 p. m., and Legation's April 1, 12 p. m., the War Trade Board informs the Department that, "under agreement with Spain ratified March 7, 1918, the War Trade Board is bound for two months from that date to afford Spanish vessels touching United States ports such coaling facilities as the Board may find possible. While this agreement may be construed as applying only to United States ports, the War Trade Board considers it advisable that Mr. Morgan personally and officially should do nothing against the spirit of the agreement."

LANSING

File No. 837.711/36

The Minister in Cuba (Gonzales) to the Secretary of State

[Telegram]

HABANA, June 4, 1918, 10 a. m.

[Received 3.43 p. m.]

Referring to my despatch 590, March 4.¹ As result of search of mail pouches from Mexico therein reported, and in which Commander Kear took part, Cuban Post Office Department has received notice from Mexican Post Office Department referring specifically to one pouch reported by Bordeaux office as having been evidently opened and bearing Havana seal. Mexican Department requests investigation and "adoption of measures to prevent recurrence." No hint is made of knowledge that Mexican mail is being censored but evidently Mexico wants to draw from Cuba some declaration to this effect.

Cuban Postmaster-General has requested me to suggest what answer to make. Does Department advocate assertion of right of

¹ Not printed.

search of neutral mails passing through belligerent territory? If so on what grounds does it suggest this might be defended?

GONZALES

File No. 763.72/10369

The Minister in Cuba (Gonzales) to the Secretary of State

[Telegram]

HABANA, June 14, 1918, noon.

[Received 5.53 p. m.]

On June 10 I submitted to and discussed with President Menocal memorandum covering various matters and yesterday evening was called to confer with President and Secretary of State for further consideration with following result:

1. President will refuse coal to all steamers not operating "for the benefit of Cuba." In view of President Wilson's address to Mexican journalists¹ Menocal thinks inadvisable to single out Mexico for prohibition of coal. He would like Department to cable me immediately that coal sent here is "for benefit of Cuba." This would strengthen his position. Important his order be issued at once as ships from Spain are coming in.

2. All ships, baggage, passengers, and crew will be subject to search and special customs police force created for purpose; crews not permitted to land. I have furnished Cuban officials for adoption the plans for ship and passenger search used in New York which I obtained from Collector of Customs there.

3. Effective registration of enemy aliens throughout country.

4. Mail of all enemy subjects held by censor permanently.

5. Enemy subjects and other suspects moved from water fronts.

6. No persons arrested as suspected of enemy activity to be released until I have had opportunity for inspecting evidence against them and advising with President.

7. No Cuban sailing craft permitted to approach Mexican coast.

GONZALES

File No. 763.72/10369

The Secretary of State to the Minister in Cuba (Gonzales)

[Telegram]

WASHINGTON, June 19, 1918, 3 p. m.

Your June 14, noon. Inform Department immediately by cable if the seven points set forth in your June 14 were agreed to and are to be immediately acted upon by the Cuban Government.²

¹ *Foreign Relations*, 1918, pp. 577-580.

² Answered June 19, "Yes." (File No. 763.72/10417.)

You may inform that Government that coal sent to Cuba is "for the benefit of Cuba".

LANSING

File No. 652.119/1000

The Secretary of State to the Minister in Cuba (Gonzales)

[Telegram]

WASHINGTON, June 22, 1918, 3 p. m.

From War Trade Board:

No. 90. Referring yours June 12, 11 p. m.¹ We are allowing American coal to go to Cuba for the benefit of Cuba, and we prefer to have Cuban Government restrict the sailings of all vessels from Cuba to Mexico by declining to allow them to have the coal which we have shipped for Cuba's own use. Please arrange along these lines if possible.

Show to Morgan.

LANSING

File No. 658.119/524b

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, July 2, 1918, 3 p. m.

1284. For Chadbourne, Smith [from War Trade Board]:

No. 132. Consider very important to arrange that vessels not touching American ports proceeding to Spain from South America, Central America, Mexico, West Indies, etc., be compelled call at Porto Rico for examination to avoid necessity Allied blockade fleet requiring vessels proceed Kirkwall or Gibraltar for examination. Confidently reported Mexico assembling quantity Mexican coal at Tampico to enable Spanish vessels proceed direct between Mexico and Spain for frank purpose of evading our jurisdiction.

LANSING

File No. 637.119/454

The Secretary of State to the War Trade Board Representative in Cuba (Morgan)

[Telegram]

WASHINGTON, July 2, 1918, 8 p. m.

No. 110. Your 121, June 26,¹ and your 120, June 26, 5 p. m.¹ Our No. 90 was sent to the Legation with the request that it be shown to you. War Trade Board have decided, for the time being and until further notice, to continue to issue bunker licenses freely to vessels of Spanish registry, but, as stated in War Trade Board No. 96,¹ this

¹ Not printed.

will be limited to apply only to Spanish vessels clearing from Atlantic or Gulf ports of continental United States. Accordingly, there is no longer any reason why sailings of Spanish vessels from Cuban ports should be facilitated, and the War Trade Board are desirous that no bunkering facilities should be extended to Spanish vessels bound for Mexico.

As stated in our No. 90, the Department and War Trade Board feel that you should not resume the practice of refusing to counter-sign permits but that such permits should be refused by the Cuban Government upon the ground that all coal which is shipped from the United States to Cuba is intended only for Cuba's own use. Please advise at once whether the foregoing plan will be carried out by the Cuban authorities, and whether this will provide a satisfactory means of dealing with Spanish vessels.

LANSING

File No. 837.711/36

The Secretary of State to the Minister in Cuba (Gonzales)

[Telegram]

WASHINGTON, July 5, 1918, 5 p. m.

Your telegram June 4, 10 a. m. There does not appear to be any necessity for making reply to the inquiry from the Mexican Post Office Department in view of fact that Mexico has withdrawn her diplomatic representative from Cuba for the reasons given in the official announcement of the Mexican Minister for Foreign Affairs.¹ However, should Cuban Post Office Department deem it necessary to make reply a simple acknowledgment would seem all that was required.

As regards the question of right of search of neutral mails passing through belligerent territory, it may be said that it must be recognized that mails are extensively used for the transmission of merchandise. Merchandise may be properly defined to include money, evidences of indebtedness, etc., comprehending money orders, checks, drafts, notes, and other negotiable instruments, stocks, bonds, coupons, and other similar securities. Mails may thus be used to transmit contraband of war directly or indirectly to or from an enemy country, also for the transmittal of hostile despatches either to or from, directly or indirectly, an enemy country. There is no doubt that military information has been and is being sent to and from Germany directly and through neutral countries contiguous to the belligerents. If, therefore, a belligerent has a right to prevent the transmission of contraband to the enemy and hostile despatches to or from the enemy, there is ample ground for the inspection by one

¹ Vol. I, p. 694.

belligerent of mails passing between neutral countries in this hemisphere and Germany or countries contiguous to Germany so long as those neutral countries do not take steps to keep contraband and noxious despatches out of Government mails. In view of the foregoing there can be no objection in principle to the censorship of mails, but there may be objection, first, as to the method used, such as dilatory tactics, excessive detention of vessels, etc., and, second, to the abuses of the exercise of censorship such as the detention of innocent articles, personal letters, etc. If you should deem it necessary to make use of the foregoing, you may informally and unofficially present them not as views of this Government but as grounds upon which a practice of censoring mails may perhaps be justified.

LANSING

File No. 652.119/1102

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, July 6, 1918, 6 p. m.

[Received July 7, 6.50 a. m.]

1519. War Trade Board [from Chadbourne]:

No. 142. Your 132. Concerning [plan that] vessels not touching American ports proceeding from South American ports, etc., be compelled to call Porto Rico, etc. Before attempting to arrange do you insist on including South America east ports? Reason for asking is the extent of deviation of ships from east coast. Rumored here Spain attempting arrangements to import cotton proceeding from Torreón district in Mexico. If it is true, may have connection with the assembly of coal at Tampico to obtain evasion of our jurisdiction. Smith. Chadbourne.

WILLARD

File No. 637.119/467

The Assistant to the War Trade Board Representative in Cuba (Farnsworth) to the Secretary of State

[Telegram]

HABANA, July 6, 1918, 4 p. m.

[Received July 7, 7.07 p. m.]

Your 110, July 2. I have the personal assurance of Cuban authorities that the manner of dealing with Spanish vessels relative to bunkers will be carried out strictly in accordance with your recommendation. Mr. Morgan handed you translation of the President's decree of June 26 relative to bunkering vessels.

FARNSWORTH

File No. 637.119/479

The Acting Secretary of State to the Minister in Cuba (Gonzales)

[Telegram]

WASHINGTON, July 31, 1918, 3 p. m.

Your July 17, 10 a. m.¹ Department regrets that an old agreement obligates us to give coal for the customary schedule of the steamers of the Compañía Transatlántica. This does not, however, apply to other Spanish steamers on which it is the intention of the War Trade Board to furnish coal only so far as Cuban ports leaving the question of any further extension of the voyages in the hands of the Cuban authorities.

POLK

File No. 600.119/1035

The Acting Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, July 31, 1918, 6 p. m.

1374. For Chadbourne, Smith [from War Trade Board]:

No. 177. Embassy's 1577, your No. 169, July 23, 11 a. m.¹ The Department has considered wise to allow Cuban authorities to restrict call of Spanish steamers bound from Cuba for Mexican ports and this has now been agreed to by Cuban authorities. Can see no objections to arranging with Spanish Transatlantic and Pinillos Lines to cease their calls to Mexican ports and so soon as you have arranged please cable and we will instruct connecting lines accordingly; also Cuban officials as to transshipments.

POLK

File No. 600.119/912

The Acting Secretary of State to the Ambassador in Argentina (Stimson)

[Telegram]

WASHINGTON, August 2, 1918, 3 p. m.

Your July 23, 3 p. m.¹ In December last arranged with Compañía Transatlántica and Compañía Pinillos Lines to continue regular services on basis of taking only cargo approved by War Trade Board. Later Compañía Transatlántica signed bunker form B-4, which provides all their vessels abide by Bureau of Transportation General Rules No. 1,² of which clause (l), paragraph 5, requires approval War Trade Board to all voyages. See Journal No. 5. No new arrangements since then.

POLK

¹ Not printed.² *Ante*, p. 946.

File No. 652.119/1102

The Acting Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, August 3, 1918, 4 p. m.

1382. For Chadbourne [from War Trade Board]:

No. 182. Embassy's 1519, your No. 142, July 6, 6 p. m. We might be willing to consider Spanish boats on South American route calling at some British port for search and bunkers if you consider it advisable. Would like your recommendations.

POLK

File No. 652.119/1429w

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, August 12, 1918, 5 p. m.

1418. Instruct consuls in Spain that Department is at present considering plan of bunker control whereby all Spanish line vessels bound for America be required to put in at Porto Rico. This plan proposes bunker arrangement with Spain whereby all passengers on Spanish ships must have passport visés from American consular officers. Present information indicates Mexican consular official, Bilbao, has issued "laisser passer" or permits to enter Mexico, to persons of different nationalities, which documents are in no sense passports, but which have been viséd by Cuban Consul, Bilbao, . . . and by use of which bearers have obtained passage on Spanish vessels. Person bearing such documents without having passport from government of country of which he is subject should not under any circumstances receive visé if application is made to you.

LANSING

File No. 652.119/1709

The War Trade Board Representative in Cuba (Morgan) to the Chief of the Division of Latin American Affairs (Stabler)

[Extract]

HABANA, August 10, 1918.

[Received August 15.]

MY DEAR HERBERT: Immediately upon my return here I took up the matter of coaling the Spanish boats with the agents of the different companies here and from the representations which I made to them regarding the possibility of there being a scarcity of coal here in this Island to enable us to bunker their boats in compliance with the agreement of March 7, 1918, made with them by the War Trade Board, to the effect that it would be to their advantage to consent to take all the coal they needed either at Porto Rico, where

we have an abundance of coal, or at some other American port, both the agents seemed to be greatly impressed with the suggestion, and advised me that they would at once communicate the same to their respective companies through the Spanish Minister here with the recommendation that the plan suggested be adopted. This would settle the question as far as we are concerned and would bring about the results which you desire.

Yours very sincerely,

H. H. MORGAN

File No. 652.119/1456a

The Secretary of State to the War Trade Board Representative in Cuba (Morgan)

[Telegram]

WASHINGTON, August 21, 1918, 4 p. m.

Referring to conversation held in Mr. Stabler's office. Report at once fully by cable results of your efforts to cause all Spanish steamers to call at a port under American control before and after touching at Cuba.

LANSING

File No. 652.119/1806

The War Trade Board Representative in Cuba (Morgan) to the Chief of the Division of Latin American Affairs (Stabler)

HABANA, August 14, 1918.

[Received August 22.]

MY DEAR HERBERT: Referring to my letter of August 10, 1918, I now have to inform you that I had a conversation with the Spanish Minister two days ago in reference to bunkering the Spanish steamers at Porto Rico or some other American port, and he advised me that he would telegraph his recommendations to the Spanish Government, and hoped to receive a favorable reply within a few days.

As soon as I hear from him upon the subject I will at once let you know.

Yours very sincerely,

H. H. MORGAN

File No. 652.119/1469

The War Trade Board Representative in Cuba (Morgan) to the Secretary of State

[Telegram]

HABANA, August 22, 1918, 4 p. m.

[Received 7.45 p. m.]

For Stabler. Your August 21. Spanish Minister advises me that he sent a telegram for the Transatlantic Company some days ago

regarding the matter discussed in your office and expects a reply from day to day. See my letters of August 10 and 14 upon this subject.

MORGAN

File No. 600.119/1259

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

SAN SEBASTIAN, August 31, 1918, 7 p. m.

[Received September 1, 9.35 a. m.]

1761. War Trade Board [from Chadbourne]:

233. Understand United States bunker rules do not apply to boats sailing between Spain and Cuba not touching at any port in the United States or its possessions but do not know whether or not the Republic of Cuba has issued bunker rules of its own by agreement with United States. Please inform so that we may advise consuls. Chadbourne.

WILLARD

File No. 600.119/1259

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, September 9, 1918, 4 p. m.

1535. For Chadbourne [from War Trade Board]:

No. 240. Yours of August 31, 7 p. m., Embassy's 1761. Subject matter referred to in your cable at present under discussion with Cuba. Will cable you when final negotiations complete.

LANSING

File No. 652.119/1748

The War Trade Board Representative in Cuba (Morgan) to the Secretary of State

[Telegram]

HABANA, September 18, 1918, 5 p. m.

[Received 9.24 p. m.]

Your August 21, 4 p. m., and my August 22. It is reported here that agreement has been reached in Washington with Spanish lines to coal all their boats at Porto Rico or other American ports to take effect on October 1. Please advise me if this is correct.¹

MORGAN

¹ Department's memorandum attached to this telegram reads: "Sept. 20, 1918. Mr. Fuller [of the War Trade Board] telephoned to say that he was informed by Mr. Richards [of the Board] that no such agreement had been made but that the agent of the Pinillos Line had assured him that they were quite prepared to have their ships stop at Porto Rico for censorship purposes and that the line would undertake to do this without having the matter taken up diplomatically. L[eland] H[arrison]." The telegram sent in reply, Sept. 20, merely stated "no such agreement has been made."

File No. 652.119/1916

The Consul at Curaçao (Messersmith) to the Secretary of State

[Telegram]

WILLEMSTAD, *October 8, 1918, 11 a. m.*[Received *October 9, 6 p. m.*]

I have the honor to transmit the following from Consul of the United States at Puerto Cabello:

October 7. Spanish steamer *Villamanrique* desires permission to proceed from here to Barcelona via Venezuelan ports and port in the Canaries subject to same conditions as in original license which reads Habana, Puerto Cabello, Barcelona, dated September 27. Appears to be no objection to this change. Signed, Henry.

Send reply to Consul of the United States at Puerto Cabello.

MESSERSMITH

File No. 652.119/1916

The Secretary of State to the Consul at Curaçao (Messersmith)

[Telegram]

WASHINGTON, *October 19, 1918, 5 p. m.*

Your October 8, 11 a. m. We have transmitted the following cable to the American Consul at Puerto Cabello:

War Trade Board requires Spanish steamer *Villamanrique* to call at Porto Rico after leaving Venezuela *en route* to Canaries and Spain.

LANSING

[The War Trade Board, in considering the plan proposed on October 16 for examining neutral vessels proceeding across the Atlantic to or from northern neutral countries, considered also a plan for examining in a port of Porto Rico or of the United States, Spanish vessels proceeding to or from Spain. These plans, however, were not approved by the Department of State. See *ante*, pages 1003, 1010, and 1012.]

File No. 600.119/1686

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, *November 20, 1918, 10 a. m.*[Received *5.19 p. m.*]

2113. War Trade Board [from Rickard and Chadbourne]:

392. Refer to Embassy's 1761, August 31, 7 p. m., [our] 233, and Department's 1535, September 9, 4 p. m., your 240. We have not

been informed of results of Cuban negotiations. Consul at Corunna informs us most boats plying directly between Cuba and his port carry bunker forms and licenses from War Trade Board representative at Habana. Please advise us: (1) if War Trade Board representative at Habana has authority to issue bunker [licenses for] boats plying directly between Spain and Cuba and not touching a port of United States or its possessions; (2) if so, what is source of his authority? Rickard. Chadbourne.

WILLARD

File No. 600.119/1686

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, November 30, 1918, 6 p. m.

1849. For Chadbourne [from War Trade Board]:

No. 383. Embassy's 2113, November 20, 10 a. m., your 392. Bunker restrictions at Cuban ports are under the complete jurisdiction of Cuban authorities as conveyed in proclamation by President of Cuba under date June 24 [26?], 1918. War Trade Board representative at Habana has only such authority as is delegated by Cuban authorities. Cuban Government has in fact been disposed to accept our suggestions relative to applying bunker control, and the fact that Cuba's imports of coal are from the United States gives us considerable influence in determining the utilization thereof in Cuba.

LANSING

THE TRANSFER OF MERCHANT SHIPS FROM BELLIGERENT TO
NEUTRAL FLAGS: ATTITUDE OF THE AMERICAN AND ALLIED
GOVERNMENTS¹

File No. 862.85/358

The Ambassador in Argentina (Stimson) to the Secretary of State

[Telegram]

BUENOS AIRES, March 21, 1918, 8 p. m.

[Received 10.10 p. m.]

The Minister for Foreign Affairs called me this afternoon to the Foreign Office to inform me that he had mentioned to the President my request and his promise that in case of the sale of the German ships, the United States should have the preference; he stated that the President had authorized him to make a report that the President recognized the reasonableness of this request and confirmed the

¹ See also the discussion of the purchase of German and Austrian ships by Switzerland, *ante*, pp. 1622 and 1656, and that relating to the taking over of German ships by Spain, *ante*, pp. 1716 *et seq.*

promise that in the event of the sale of the ships or any one of them by the Argentine Government the United States should have the first notification and the priority right of purchase.

He then told me that the Argentine Government has about concluded negotiations for the purchase of the German steamer *Bahia Blanca*, 15,000 tons, and that she would be used at present by the Government in Government service.

Under the above understanding therefore he has asked me to cable the Department to ask whether the United States will waive its objection to such purchase and consequent change of flag under article 56 of the Declaration of London which was approved by the Argentine Government.

STIMSON

File No. 862.85/358

The Secretary of State to the Ambassador in Argentina (Stimson)

[Telegram]

WASHINGTON, March 25, 1918, 5 p. m.

Your March 21, 8 p. m. You may say to the Minister for Foreign Affairs that this Government has the matter of the purchase and change of flag of the *Bahia Blanca* under careful consideration and desires to be informed as to the routes proposed for her to follow in Government or any other service. You may intimate that you believe that this Government would be inclined to recognize transfer provided that voyages are satisfactory to this Government and provided Argentine Government will give proper assurance that the vessel carries no crew, officers, or passengers of enemy nationality.

LANSING

File No. 862.85/367

The Ambassador in Argentina (Stimson) to the Secretary of State

[Telegram]

BUENOS AIRES, March 28, 1918, 11 a. m.

[Received 3.17 p. m.]

Your March 25, 8 [5] p. m., and my March 28, 10 a. m.¹ In the same conversation as that referred to in the last-mentioned cable the Minister for Foreign Affairs took up the subject of the proposed transfer to Argentine registry of the *Bahia Blanca*, and the possible purchase of other interned German vessels. The Minister replied, when he was informed by me of the Department's desire to receive assurances concerning the route to be [followed] by the *Bahia Blanca*

¹ *Post*, p. 1793.

and the nationality of its crew, passengers, and captain, that he hoped the Government of the United States would [adopt] the same attitude in regard to vessels which might now pass into the possession of the Argentine Government, as that which the Argentine Government had decided to adopt in regard to the Dutch vessels now taken over by the United States. He said further that the *Bahia Blanca*, if acquired, would be run over the same trade routes as those now used by the *Pampa* and other Argentine national transports, and that in any event the vessel would travel only to Entente countries or to neutral nations; that the captain would be Argentine, and that the ship would be manned by the Argentine Navy. But he laid emphasis on his hope that the American Government would recognize the absolute ownership of the Argentine Government in the interned German vessels which it might purchase, and not insist on a written guarantee as to the above-mentioned points.

Public announcement was made last night of the completion of the negotiations for the purchase of the vessel.

STIMSON

File No. 862.85/353

The Secretary of State to the Ambassador in Chile (Shea)

[Telegram]

WASHINGTON, April 10, 1918, 5 p. m.

Department's March 30, 5 p. m.¹ You are instructed to communicate the following verbally to the Minister for Foreign Affairs:

While the United States Government has been glad to answer the inquiry of the Chilean Ambassador in Washington regarding the transfer to the Chilean flag of three German ships, *Karnak*, *Alda*, and the *Göttingen*, that it has no objection to the transfer of these vessels for navigation between New York, the Pacific Coast, Valparaiso, Buenos Aires, Montevideo, and Rio, this Government, nevertheless, desires to invite attention to the fact that while no formal conditions to the transfer were made it was assumed that the Chilean Government would make it a rule not to allow enemy officers, crew or passengers on these ships. The presence of such enemy subjects would be a violation of United States port regulations when these ships came to American ports and might cause unfortunate difficulties. Moreover, their presence on these ships might lead to acts hostile to the United States and to the risk of their taking possession of the ships to the injury of the United States with resulting complications.

The above information has been given orally to Chilean Ambassador in Washington.

LANSING

¹ Not printed.

File No. 862.85/380

The Chargé in Chile (DeBillier) to the Secretary of State

[Telegram]

SANTIAGO, April 11, 1918, 10 p. m.

[Received April 12, 6.37 a. m.]

Department's April 10, 5 p. m. Foreign Office very appreciative of generous attitude of United States towards lease of German vessels and says boats would be officered and manned as are the Chilean transports. Likewise unreservedly consents as to enemy passengers.

DEBILLIER

File No. 862.85/376

The Secretary of State to the Ambassador in Argentina (Stimson)

[Telegram]

WASHINGTON, April 13, 1918, 5 p. m.

Department's March 25, 5 p. m. Your March 28, 10 a. m.,¹ March 28, 11 a. m., April 9, 7 p. m., April 12, 4 p. m.² Please secure the following information and cable it at once to the Department:

(1) What is meant by "the same trade routes as those now used by the *Pampa* and other Argentine national transports"?

(2) At the present time are any Argentine national transports navigating the war zone?

(3) What is meant by description "national transports"? Does such a boat fly Argentine mercantile flag or Argentine naval flag?

(4) In your March 28, 10 a. m., what is meant by the following: "that since this is the attitude of the Government the courts in this country must adopt the use of attorneys in the event of any attempt to attach them by legal means"?³

(5) What evidence is obtainable to show that the purchase by the Argentine Government of the *Bahia Blanca* is a *bona fide* purchase and not simply a cover for German interests? Is the purchase limited in any way? If so, what is the extent of such condition? If possible in this connection ascertain the terms of purchase. If purchase is limited in any way, to whom are profits payable during Argentine's possession? Ascertain if possible if there is any clause in purchase agreement whereby vessel is to be returned upon any given event.

In order that this Government may be in position to determine the question of recognition of transfer of flag, in the light of all the facts, it is hoped that the Argentine Government will be good enough to aid this Government by furnishing information on the foregoing points.

LANSING

¹ *Post*, p. 1793.² Telegrams of Apr. 9 and 12 not printed.³ This inquiry was based on an error; the words "use of attorneys" were later corrected to read "same attitude." See *post*, p. 1793.

File No. 862.85/392

The Ambassador in Argentina (Stimson) to the Secretary of State

[Telegram]

BUENOS AIRES, April 20, 1918, 1 p. m.

[Received 3.17 p. m.]

Your April 13, 5 p. m.

(1) The usual routes for the Argentine national transports, other than those in the coasting trade, have been Boston, Norfolk, or other United States ports and Porto Rico or some other West Indies port.

(2) No Argentine national transports are navigating the war zone.

(3) These transports, originally meant for army transports, still have appliances therefor, but since the war they have been used by the Argentine Government for voyages to the United States carrying the products of the country and returning with the necessities of Argentina. They fly the Argentine naval flag.

(4) I have addressed a note to the Minister of Foreign Affairs asking for an explanation of his words on this subject, quoted by the Department, but have so far had no reply.

(5) I have also addressed a note to the Minister on these matters connected with the *Bahia Blanca* purchase, but have had no answer. I do not find that the purchase is limited in any way, and the profits are to go to the Argentine Government. The newspapers state today that the flag on the *Bahia Blanca* was [lowered?] and the Government then took possession. The Minister for Foreign Affairs has requested of the British Minister permission to pay the money, said to be 2,500,000 pesos gold, in London for transfer to Stockholm.

STIMSON

File No. 862.85/412

The Commercial Adviser of the British Embassy (Crawford) to the Assistant to the Counselor for the Department of State (Auchincloss)

WASHINGTON, April 22, 1918.

DEAR MR. AUCHINCLOSS: We have received a telegram from the Foreign Office to the effect that the British authorities concur in the recognition of the transfer of flag in the case of the three Chilean ships, *Karnak*, *Alda* and *Göttingen* on the understanding that the vessels will carry no crew, officers or passengers of enemy nationality and that they will transport nitrates to the United States.

The Foreign Office also add that they thoroughly agree with your proposal for mutual consultation between our two Governments before giving any definite reply in the event of applications being

made by South American Governments in the future for transfer of flag.

Yours very truly,

R. S. HUDSON
(In the absence of Sir R. Crawford)

File No. 862.85/610

The Commercial Adviser of the British Embassy (Crawford) to the Assistant to the Counselor for the Department of State (Auchincloss)

WASHINGTON, June 3, 1918.

DEAR AUCHINCLOSS: With reference to our conversation of today, I am telegraphing to the Foreign Office stating that you are acquainting the Argentine Government that vessels flying the naval flag and engaging in commerce must conform to the commercial and shipping regulations of the United States Government.

Meanwhile, I have received a telegram from London proposing that the transfer of flag in the case of the *Bahia Blanca* (and any other vessels of a similar kind) should be recognized, provided that an undertaking is given by the Argentine Government that:—

(1) A vessel whether flying commercial or naval flag shall carry cargo either to United States or to European Allies and that each voyage shall be approved either by I[nter-]A[llied] C[hartering] E[xecutive] or U.S. Shipping Board; or, alternatively, that an Argentine vessel of equal tonnage not now employed in any trade of interest to the United States or the Allies shall be time chartered to the I.A.C.E. or Shipping Board with full trading limits for the duration of the war.

(2) Vessels shall carry no officers, or crew of enemy nationality.

Would you be kind enough to let me have your views on this matter.

Yours very truly,

RICHARD CRAWFORD

File No. 862.85/610

The Ambassador in Argentina (Stimson) to the Secretary of State
[Telegram]

BUENOS AIRES, October 26, 1918, 12 noon.

[Received 8.10 p. m.]

British Minister told me last night that the Minister of Foreign Affairs had just approached him saying that Argentine Government intended to dispatch the ex-German vessel *Bahia Blanca* to London, and that the [Government?] supposed there [would] be no objection to the status of the steamer. British Minister replied that as far as his opinion was concerned the steamship would be regarded as enemy property and not protected by the Argentine flag. Minister for

Foreign Affairs replied that he was surprised; that the steamer had been purchased by the Argentine Government in its sovereign capacity and the United States Government was making no objection, as the matter had been arranged through Naón. The British Minister closed by telling the Minister for Foreign Affairs that he must make the inquiry of the British Government directly. An hour later the Assistant Secretary of Marine came to the British Legation to inquire what board in London had charge of inter-Ally shipping; from this the British Minister inferred that it was now proposed to dispatch her under a British charter.

It is not supposed that she can be repaired in time for December sailing.

STIMSON

File No. 862.85/623

The Ambassador in Argentina (Stimson) to the Secretary of State

[Telegram]

BUENOS AIRES, November 6, 1918, 12 a. m.

[Received 3.47 p. m.]

My November 5, 1 p. m.¹ A guard was placed upon the other German vessels in Buenos Aires and Rosario yesterday. The official announcement published in *La Epoca* of last night is that they "have been occupied by military forces by order of the Government in the exercise of its sovereignty and in prevision of any possible event."

I am now informed by both the British and Swiss ministers that it is intended to send the *Bahia Blanca* to Cette with a cargo of food for Switzerland. In conversation with the British Minister the Minister for Foreign Affairs has stated that there is a precedent for the use of this vessel by the Argentine Government in the action of the Government of the United States in buying ships from the Central Powers since the outbreak of war.

I had a conversation this morning with the Minister for Foreign Affairs regarding the matter of the German vessels. He stated to me that the precedent referred to by him in a conversation with the British Minister was the purchase by the United States of certain Austrian vessels in this country and in Brazil.² I reminded him, however, that this purchase was effected after our Government had entered the war and consequently raised no question of international law. He stated further that Naón had advised him that the Government of the United States was willing to have the Argentine Government purchase the German ships here if it could acquire them.

He confirmed my information to the effect that it was the desire of the Swiss Minister to have the *Bahia Blanca* go to Cette with a cargo of foodstuffs destined for Switzerland and repeated that the Argentine Government had bought the vessel for a "war transport"

¹ Vol. I, p. 738.

² See Supplement 2, pp. 445 *et seq.*

maintaining that Argentine flag had been duly raised upon her and the price paid, 7,500,000 crowns Swedish, was given to the National City Bank here for ultimate transmission through Stockholm to the owners, the Hamburg-American Line, and stated emphatically that the transaction was *bona fide* and that the transfer of ownership was absolute.

The Minister stated in amplification of the newspaper reports regarding the guards placed on the German vessels here that the Government had received definite information to the effect that extensive sabotage was contemplated and that it had taken them over in the interest of whomever the safety of the ships' company might concern adding that that might be possibly the United States, meaning, I presume, they might be acquired as indemnity as a result of the peace negotiations.

STIMSON

File No. 862.85/624

The Ambassador in Argentina (Stimson) to the Secretary of State

[Telegram]

BUENOS AIRES, November 7, 1918, 1 p. m.

[Received 5.50 p. m.]

My November 6, noon. The British Minister informs me that he has been advised by the Minister for Foreign Affairs that he is assured by Naón that the Government of the United States not only favored the acquisition by the Argentine Government of the interned German vessels under voluntary contract but had also expressed its willingness to advance the money for the purchase. The Foreign Minister has confirmed this in conversation with me.

To-day the British Minister has received from the Foreign Office a note indicating that the Argentine Government through the Argentine Chargé d'Affaires in London has formally asked the British Government to recognize the transfer of the flag on the *Bahia Blanca*.

STIMSON

File No. 862.85/610

The Secretary of State to the Ambassador in Argentina (Stimson)

[Telegram]

WASHINGTON, November 9, 1918, 7 p. m.

Your October 26, 12 noon. Department learns that British Minister has been instructed to notify Argentine Government that his Government will not approve voyage of *Bahia Blanca* until an opportunity is afforded them to examine the terms of transfer to Argentine flag. You will support your British colleague's representations in this matter and will make it quite clear to the Argentine Government that this Government would reserve all its rights as a belligerent should the proposed voyage of the *Bahia Blanca* actually

take place. Department unable to understand Minister of Foreign Affairs' statement that since matter has been arranged with Naón, United States Government now makes no objection to proposed voyage, in view of fact that Naón has never spoken to Department specifically in regard to *Bahia Blanca*. So inform British colleague.

LANSING

File No. 862.85/630

The Ambassador in Argentina (Stimson) to the Secretary of State

[Telegram]

BUENOS AIRES, November 12, 1918, noon.

[Received 4.10 p. m.]

Your November 9, 7 p. m. The Minister for Foreign Affairs was in the country Sunday, also yesterday, which was a close holiday here, but I saw him at his house early this morning and conveyed the Department's instructions; I also advised the British Minister of my actions.

The Minister for Foreign Affairs in conversation supported the transfer and proposed voyage of the *Bahia Blanca* on the ground that article 56 of the Declaration of London expressly permits the transfer of enemy ships to a neutral during hostilities, "when absolute and without attempt at deceit"; but he almost shifted his argument to the point that the "Argentine Government" had bought the *Bahia Blanca* as it was prepared to buy other ships, after receipt of a telegram from Naón that the United States Government approved of their purchase of any German vessels and will even furnish the money therefor. He also referred to my memorandum of March 27 based upon the Department's telegram of March 25, 5 p. m.,¹ as indicating that the Argentine Government was justified in assuming that the Government of the United States would not object to the transfer at least under the conditions therein stated.

I, of course, refused to be drawn into any discussion of the legal principles involved, merely limiting myself to the statement that I was to support the British Minister in the action he was taking as to the present intended voyage. The Minister for Foreign Affairs reiterated very emphatically that Naón had been informed by someone in the State Department speaking authoritatively, that our Government was more than willing to have Argentine acquire the German vessels by voluntary purchase, and offered even to show me Naón's telegram to that effect and asserted definitely in answer to my inquiry that the telegram was received before the purchase of the *Bahia Blanca* and the Argentine Government had acted in consequence thereof.

STIMSON

¹ *Ante*, p. 1747.

THE CENSORSHIP OF DIPLOMATIC AND CONSULAR MAIL

File No. 811.711/165a

The Secretary of State to the Heads of Diplomatic Missions in Washington

The Secretary of State presents his compliments to their Excellencies and Messieurs, heads of diplomatic missions at Washington, and has the honor to inform them that the following regulations governing the censorship of mails entering and leaving the United States have been put into force.

1. Uncensored correspondence is permitted between embassies and legations and their respective governments, when under official seal.

2. Uncensored correspondence is permitted between embassies and legations in the United States and embassies and legations of the same power situated in other countries, when under official seal. The same applies to similar official correspondence in transit through the United States.

3. Although consular officials have no claim as such to uncensored use of the mails, this use will be granted out of courtesy and uncensored correspondence will be permitted between them and their governments, when under official seal. The extension of the privilege of exemption to consular officials shall be strictly confined to consuls *de carrière*.

4. Private letters addressed to chiefs of mission in the United States will not be subject to censorship.

5. No private correspondence whatsoever of individuals or firms shall be forwarded to or from diplomatic or consular officers under official cover or seal. Personal correspondence of diplomatic and consular officials shall not contain letters forwarded in behalf of third persons.

Owing to the necessities of the military situation the Government of the United States is compelled to request the different governments interested to give written guarantee in this regard.

WASHINGTON, *January 5, 1918.*

File No. 811.711/277a

*The Secretary of State to the Heads of Certain Diplomatic Missions in Washington*¹

The Secretary of State presents his compliments to their Excellencies and Messieurs, heads of those diplomatic missions at Washington which represent countries aligned with the United States

¹ Belgian, Brazilian, British, Chinese, Cuban, French, Greek, Italian, Japanese, Montenegrin, Panamanian, Portuguese, Rumanian, Russian, Serbian, and Siamese.

in the war, and has the honor to inform them of the following exceptions which have been made to the regulations now in force governing the censorship of mails entering and leaving the United States.

The transmissions of uncensored private mail of diplomatic officials of the Allies, to and from all countries, will be permitted, provided that mail originating with a diplomatic official bear the name and rank of the official, together with the official seal of the mission to which he is accredited, and provided that mail intended for a diplomatic official bear his name and official rank together with the name and address of the sender.

The above regulations are primarily formulated to assist the Censor, and to render easier the task of determining what mail shall properly be passed uncensored.

WASHINGTON, *January 5, 1918.*

File No. 811.711/197

The British Embassy to the Department of State

No. 99

MEMORANDUM

In view of the provisions of section 3(c) of the United States Trading with the Enemy Act, under which it is prohibited to take or send any writing, etc., out of the United States otherwise than through the mails, the British Government have given instructions that any letters carried by passengers or others on board vessels calling at Halifax, and not covered by the special license provided for in the act, shall be confiscated and returned to the United States Post Office.

In the case of vessels proceeding via Halifax, every effort will be made by the competent British authorities to guard against any breach of this section of the act, and it is assumed that, in the case especially of vessels which may for any reason be exempted from calling at Halifax, any necessary measures for the strict enforcement of the section will have been taken at the United States port of departure.

WASHINGTON, *January 23, 1918.*

[*Received January 26.*]

File No. 841.711/2477

The Secretary of State to the Consul at Christiania (Ifft)

No. 100

WASHINGTON, *April 15, 1918.*

SIR: The Department acknowledges the receipt of your despatch No. 38 of February 12, 1918, enclosing three envelopes addressed to

you as follows: "The American Consul, Christiania, Norway."¹ You call the Department's attention to the fact that these envelopes have been opened by the British censorship authorities and suggest that a protest be made in the premises.

In reply you are informed that, inasmuch as neither international law nor established practice exempts consular correspondence from censorship no exception can be taken to the action of which you complain.

Under this Government's regulations all correspondence to or from foreign consuls in the United States other than that addressed to or emanating from their governments, is subject to censorship. The extension of reciprocal courtesies to American consuls abroad is expected of foreign governments. Failure on the part of a foreign government to extend these courtesies to you should be reported.

I am [etc.]

For the Secretary of State:

WILBUR J. CARR

File No. 811.711/407a

The Secretary of State to the Heads of Diplomatic Missions in Washington

The Secretary of State presents his compliments to their Excellencies and Messieurs, the chiefs of diplomatic missions at Washington, and adverting to the 4th and 5th paragraphs of the memorandum of the Secretary of State dated January 5, 1918, begs to invite attention to the enclosed copy of a circular instruction which has been sent to the American Embassies, Legations and Consulates abroad.¹

Since it is obviously impossible for the heads of missions to prevent irresponsible outsiders from addressing to them communications enclosing clandestine letters designed to evade the United States censorship regulations, it is respectfully suggested that any irregular communications of this nature be transmitted to the Department of State for appropriate disposition.

WASHINGTON, May 27, 1918.

File No. 841.711/2524

The Chargé in Great Britain (Laughlin) to the Secretary of State

No. 9275

LONDON, June 7, 1918.

[Received June 20.]

SIR: I have the honor to transmit herewith, for the information of the Department, copy of a Foreign Office circular of May 31, 1918,¹

¹ Not printed.

relative to the practice of His Majesty's Government conceding privileges of exemption from censorship to postal packets passing this country in transit which bear the address of a foreign government department or of the diplomatic representative of a foreign country in a third state. Unfortunately, His Majesty's Government have grounds for believing the concession in question has, in many instances, been seriously abused inasmuch as communications of a personal and business nature have been exchanged through the media of diplomatic missions in Germany under neutral official covers, thereby deceiving the Allied Governments.

His Majesty's Government feel that it is no longer possible to continue the practice of exemption from censorship of such postal packets whenever there is reason to suspect that an abuse of the confidence of the British Government has been attempted, and at the same time notice is given that in future locked bags will no longer be handled by the British postal administration.

I have the honor to inquire whether the Department wishes me to make any representations on this matter to the British Government.

I have [etc.]

IRWIN LAUGHLIN

File No. 841.711/2524

The Secretary of State to the Chargé in Great Britain (Laughlin)

[Telegram]

WASHINGTON, June 29, 1918, 3 p. m.

8508. Your despatch 9275, June 7. Before Department determines its attitude towards British decision regarding censorship of foreign diplomatic correspondence in transit through England, please report present system of transit of American pouches and whether carried by couriers from arriving to departing steamers or entrusted to British postal administration.

LANSING

File No. 841.711/2530

The Chargé in Great Britain (Laughlin) to the Secretary of State

[Telegram]

LONDON, July 1, 1918, 5 p. m.

[Received July 1, 3.15 p. m.]

18. Your 8508, June 29, 3 p. m. All outgoing American pouches are carried by Embassy messenger from the Embassy to the steamer and all incoming pouches are delivered into his custody on the steamer on her arrival, the port authorities granting all facilities. The British postal administration does not handle them in any way.

LAUGHLIN

File No. 841.711/2524

The Secretary of State to the Chargé in Great Britain (Laughlin)

No. 6026

WASHINGTON, June [July] 17, 1918.

SIR: The Department has received your despatch No. 9275 of June 7, 1918, respecting the decision of the British Government to discontinue the practice of exempting from censorship postal packets passing through England in transit which bear the address of a foreign government department or diplomatic representative of a foreign country in a third state.

In view of the circumstances set forth by the British Government as grounds for the adoption of these new regulations, the Government of the United States is not disposed to take exception to them as a war measure but desires to make all due reservation as to its attitude when the conditions calling for the regulations shall have passed. Please advise the Foreign Office accordingly.

I am [etc.]

For the Secretary of State:

ALVEY A. ADEE

File No. 841.711/2551

The Chargé in Great Britain (Laughlin) to the Secretary of State

No. 9552

LONDON, July 17, 1918.

[Received August 1.]

SIR: Referring to my despatch No. 9275, of June 7, and my telegram No. 18 of July 1 replying to the Department's telegram No. 3508 of June 29, 3 p. m., relative to the censorship of diplomatic correspondence passing in transit through Great Britain, I have the honor to enclose herewith copy of a note from the Foreign Office, dated July 11, 1918,¹ in which it is stated, in order to remove any uncertainty which may prevail as to the scope of the Foreign Office circular note of May 31 last,¹ that it is not intended to apply the measures set forth therein to the correspondence of the United States Government.

I have [etc.]

IRWIN LAUGHLIN

File No. 841.711/2555

The Secretary of State to the British Chargé (Barclay)

No. 235

WASHINGTON, August 29, 1918.

SIR: I have the honor to refer to the Ambassador's note No. 740 of July 1, 1918,¹ enclosing copy of a circular note which had been addressed by His Majesty's Government to the diplomatic representatives of foreign countries in London, giving notice that, in view of

¹ Not printed.

certain evidence in the possession of His Majesty's Government, it is proposed to submit, after a given date, certain diplomatic correspondence sent by post in transit through Great Britain to examination by the censor whenever there is good reason to suspect that the confidence of His Majesty's Government has been abused. The Ambassador inquired whether the Government of the United States would be prepared to take similar action in regard to the censorship of correspondence of the kind in question.

In reply I have the honor to inform you that this Government is not at present disposed to adopt the procedure suggested.

Accept [etc.]

ROBERT LANSING

File No. 841.711/2561

The Ambassador in Great Britain (Page) to the Secretary of State

No. 9749

LONDON, August 22, 1918.

[Received September 10.]

SIR: I have the honor to acknowledge receipt of the Department's instruction No. 6026 of June [July] 17, 1918, referring to Mr. Laughlin's despatch No. 9275 of June 7, 1918, respecting the decision of the British Government to discontinue the practice of exempting from censorship postal packets passing through England in transit which bear the address of a foreign government or diplomatic representative of a foreign country in a third state.

In view of the Department's telegraphic instruction No. 8508, of June 29, 3 p. m., my telegraphic reply No. 18 of July 1 and despatch No. 9552 of July 17 last relative to this matter, I have taken no action on the Department's instruction under acknowledgment.

I have [etc.]

(For the Ambassador)

IRWIN LAUGHLIN

MINE LAYING AND THE ESTABLISHMENT OF MARITIME DANGER ZONES: THE NORTH SEA BARRAGE

File No. 841.801/110

The British Ambassador (Spring Rice) to the Secretary of State

No. 203

WASHINGTON, July 16, 1917.

SIR: The attention of His Majesty's Government has been drawn to the use of the words "danger area," in the recent British proclamations respecting mine fields in the North Sea,¹ which, it is pointed out, somewhat resemble the German expression "danger zone."

I have received instructions from my Government to communicate to you the following explanations in regard to this matter:—

¹ *Foreign Relations*, 1917, Supplement 1, pp. 518-519 and 520.

No true comparison can be drawn between the "danger area" proclaimed by His Majesty's Government, and the "danger zone" proclaimed by the German Government. The British proclamation is directed against submarines engaged avowedly in cruel and illegal depredations; whereas the German proclamation is directed against lawful trade. The first represents an area determined by the actual laying of mines or other obstructions permitted by the laws of war. The second is limited only by the whim of the naval authorities at Berlin. The German "danger zone" is already twenty times as large as the British "danger area," and could be indefinitely increased without laying down a single new mine, or launching a single new submarine. Since it can be thus extended or contracted at will, His Majesty's Government think that any appeal for the maintenance of a gap between it and the area in which British mines are laid¹ should in the first instance be addressed not to His Majesty's Government but to the Imperial German Government.

My Government have instructed me in communicating the above explanations to you to express the hope that any misunderstanding which may have arisen in this connection may hereby be fully removed.

I have [etc.]

CECIL SPRING RICE

File No. 841.801/113

The British Ambassador (Spring Rice) to the Secretary of State

No. 216

WASHINGTON, July 22, 1917.

SIR: I have the honour to refer to my note No. 203 of the 16th instant regarding the use of the words "danger area" in the recent British proclamations respecting the mine fields in the North Sea.

I have now received instructions from His Majesty's Principal Secretary of State for Foreign Affairs to inform you that the term "mined area" will be used in such proclamations in the future.

I have [etc.]

CECIL SPRING RICE

[For the report by Admiral Benson, as one of the accomplishments of the Naval delegation to the inter-Allied conference at Paris, November 29–December 3, 1917, of "(c) A joint decision to undertake with the British the closing of the North Sea by establishing and maintaining a mine barrage,"² see *Foreign Relations*, 1917, Supplement 2, volume I, page 384.]

¹ Papers relating to representations to this effect made by the Netherland Government not printed.

² An account of American participation in the planning and laying of this barrage is given in *The Northern Barrage and Other Mining Activities*; memoranda relating to the project and operations are comprised in *The American Naval Planning Section in London*. (Publications No. 2 and No. 7, respectively, of the Navy Department, Historical Section, Washington, Government Printing Office, 1920, 1923.)

File No. 763.72/9089

The Swiss Minister (Sulzer) to the Secretary of State

Department of German

WASHINGTON, March 4, 1918.

Interests IV 5

[Received March 6.]

SIR: Referring to my note of January 14, 1918,¹ enclosing text of a cablegram regarding the extension of the blockade zone of January 31, 1917,² issued by the German Government on January 5, 1918 and effective January 11, 1918, I now have the honor to enclose the original text of this declaration, transmitted to this Legation by the Swiss Foreign Office.

In this connection, I beg to draw your Excellency's attention to the description 30 degrees 0 minutes north—26 degrees 0 minutes west. This description, due to an error in the cablegram, was given in the text submitted to the Department of State on January 14, 1918, as 30 degrees 0 minutes north—27 degrees 0 minutes west.

Accept [etc.]

HANS SULZER

[Enclosure—Translation]

*German Declaration Extending the Blockade Zone*SUPPLEMENTARY DECLARATION OF THE BLOCKADE ZONE OF THE 31ST
JANUARY, 1917

Dating from January 11, 1918, the blockade zone around the enemy fulcrum on the Cape Verde Islands and around that of Dakar with the adjoining coastal district will be extended according to the following limit detail:

From Cape Palmas Lighthouse

To	10°	0'	N	29°	30'	W
"	17°	0'	N	29°	30'	W
"	20°	30'	N	25°	30'	W

on latitude 20° 30' N eastward to the intersection of this parallel by the shoreline of the West African coast.

On the same date the blockade zone around the Azores will be extended eastward to beyond our adversaries' fulcrum, Madeira Island, so that this district will include the following new boundaries:

From	44°	0'	N	27°	45'	W
To	44°	0'	N	34°	0'	W
"	42°	30'	N	37°	0'	W
"	37°	0'	N	37°	0'	W
"	30°	0'	N	26°	0'	W
"	30°	0'	N	17°	0'	W
"	34°	0'	N	12°	0'	W
"	36°	45'	N	12°	0'	W

backwards towards the starting point.

¹ Not printed.

² For the German memorandum of Jan. 31, 1917, defining the blockade zone, see *Foreign Relations*, 1917, Supplement 1, pp. 101-102. For declarations of extension of this zone during 1917, see *ibid.*, pp. 184 and 187.

Neutral ships, which at the time of the publication of this declaration are lying in harbours within the above-mentioned blockade zone, may leave the district without incurring the dangers of the newly ordered military proceedings for this sphere, if they sail before January 18, 1918, and take the shortest route to the free zone.

For neutral vessels, which have come into the newly declared blockade zone, without previous knowledge of the declaration, or, without being able to learn thereof, a sufficient prolongation of time is established.

It is urgently counselled that neutral shipping be warned and that they take another route.

BERLIN, *January 5, 1918.*

File No. 763.72/9158

The Minister in Norway (Schmedeman) to the Secretary of State
[Telegram]

CHRISTIANIA, *March 12, 1918, 6 p. m.*

[*Received March 13, 12.50 a. m.*]

581. The following official announcement appeared in the press this morning:

The German Minister in Christiania has informed the Foreign Office that owing to previous British declarations that the North Sea is a war zone¹ and the German Bay (Heligoland [Bight]) a danger zone,² the Imperial German Government is obliged, in order to meet the situation created by the said declarations, to proceed to the extraordinary measure of warning neutral ships against navigating in the German Bay and against further dangers to which it becomes necessary to expose neutral ships in consequence of British warfare in this zone. The danger of navigating in this zone can only be avoided by following special directions which can be obtained from the German naval authorities.

SCHMEDEMAN

File No. 841.801/132

The Consul General at London (Skinner) to the Secretary of State
[Telegram]

LONDON, *undated.*

[*Received April 29, 1918, 7.40 p. m.*]

Admiralty Notice No. 536 of [April 26,] 1918 states that in view of unrestricted warfare carried on by Germany at sea by means of mines and submarines not only against the Allied Powers, but also against neutral shipping, and fact that merchant ships are constantly sunk without regard to ultimate safety of their crews, fol-

¹ *Foreign Relations*, 1914, Supplement, p. 464.

² *Ibid.*, 1917, Supplement 1, pp. 518-519 and 520.

lowing prohibited area will be established in the North Sea on May 15, dangerous to all shipping, and should be avoided. Area is enclosed by line joining following positions:

- (1) Latitude 59° 12½' N., longitude 4° 49' E.
- (2) Latitude 59° 20' N., longitude 3° 10' E.
- (3) Latitude 58° 25' N., longitude 50' W.
- (4) Latitude 59° 20' N., longitude 50' W.
- (5) Latitude 60° 21' N., longitude 3° 10' E.
- (6) Latitude 60° N., longitude 4° 56' E., thence along western limits of Norwegian territorial waters to position 1.

SKINNER

File No. 763.72111N83/11

The British Embassy to the Department of State

[Extract ¹]

PARAPHRASE OF A TELEGRAM FROM MR. BALFOUR TO MR. BARCLAY, DATED AUGUST 6

The following telegram has been sent to His Majesty's Minister at Christiania, dated August 5:

You are instructed to make a communication in the following sense to the Norwegian Government. It may be made in whatever way you think most desirable.

A mine barrage has been laid by the Allies between Great Britain and Norway across the North Sea. This barrage at the Norwegian end stops outside territorial waters, the British Government having taken every precaution not to infringe the sanctity of such waters.

WASHINGTON, August 8, 1918.

[Received August 10.]

File No. 763.72111N83/59

The Secretary of State to the Chargé in Norway (Schoenfeld)

[Telegram—Extract ²]

441. Your 1038, August 20, 6 p. m.³ You are instructed to deliver the following note to the Minister of Foreign Affairs:

The Government of the United States is also advised that the Norwegian Government has been informed that the Governments of the United States and Great Britain are engaged in laying a barrage across that portion of the North Sea lying between Scotland

¹ Complete text, *post*, p. 1770.

² Complete text, *post*, p. 1782.

³ *Post*, p. 1778.

and Norway, which when completed will effectively prevent the passage of enemy submarines to and from the Atlantic Ocean by the northern route through the North Sea provided that they are not permitted illegal passage through the territorial waters of Norway.

LANSING

File No. 841.801/143

The Consul General at London (Skinner) to the Secretary of State

[Telegram]

LONDON, December 14, 1918.

[Received 11 p. m.]

Admiralty Notice No. 1462 announces following amended limits of dangerous area Orkney Isles.¹ Dangerous area is enclosed by straight lines joining following positions:

- (a) Latitude 59° 20' N., longitude 50' W.
- (b) Latitude 59° 20' N., longitude 2° 4' [5' ?] W.
- (c) Latitude 59° N., longitude 2° 15' 30'' W.
- (d) Latitude 58° 50' N., longitude 50' W.

SKINNER

¹ The original notice regarding this area, published in the British press on Nov. 16, was not communicated to the Department of State. Concerning the mining of this area, which was a prolongation westward of the area covered by the notice of Apr. 26, the following statements were made in the final report of Rear Admiral Joseph Strauss, commander of American mining operations in the North Sea:

"The eighth excursion was intended as a surprise excursion. Neutral nations had not been notified that Area B was dangerous to shipping, and with this knowledge, enemy submarines were constantly passing through it on their way to the Atlantic. It was accordingly decided not to notify the area but to secretly route all shipping so as to avoid it, with the hope that submarines might still attempt to use it after it had been mined. In order to prevent the enemy observing the mining while it was in progress, an elaborate patrol was arranged, beginning the day before the operation and continuing until after its completion.

"British and American mining squadrons rendezvoused off the Orkney Islands on September 7 and proceeded to carry out the operation. We laid six lines of surface mines across Area B while the British laid one line of surface mines parallel to ours. This was really the first joint operation carried out by the British and American squadrons. On several previous occasions both squadrons had been at sea at the same time, but had not been working side by side, so as to necessitate appointing one officer to command the expedition. On this occasion Admiral Strauss was designated to take general charge of both squadrons while mining was in progress." (Navy Department files; also printed in *The Northern Barrage and Other Mining Activities* [Publication No. 2 of the Navy Department, Historical Section, Washington, Government Printing Office, 1920], p. 115.)

PART III
NEUTRAL DUTIES

PART III

NEUTRAL DUTIES

THE TREATMENT OF BELLIGERENT SUBMARINES IN NEUTRAL WATERS: THE MINING BY NORWAY OF ITS TERRITORIAL WATERS ADJOINING THE NORTH SEA BARRAGE

File No. 763.72111N83/53

The Chargé in Norway (Schoenfeld) to the Secretary of State

[Telegram]

CHRISTIANIA, August 8, 1918, 9 p. m.

[Received August 9, 10.37 a. m.]

964. British Minister informed me today that he had been urgently and peremptorily instructed to demand of the Norwegian Government that within four days the latter lay a mine field in the outer channel off Skjaergaard, south of Bergen, and thereby carry into effect the intention of the Norwegian Government's own decree of January 13 [30], 1917, concerning entry of belligerent submarines into Norwegian territorial waters. See this Legation's despatch No. 331 of February 1, 1917.¹ British Minister carried out his instructions yesterday afternoon and presented this demand verbally to the Minister for Foreign Affairs, at the same time pointing out that he was not presenting an ultimatum but that the demand must be complied with and stating categorically that he, Foreign Minister, must give no hint of the conversation to Berlin. The Foreign Minister promised a reply within two days.

British Minister told me that inasmuch as we were also interested in the extensive mine field in the North Sea (I understand from the naval attaché of this Legation that the mine field substantially consists of mines constructed and mainly laid by American naval forces), he had suggested to his Government that you be asked to instruct me to take analogous action *vis à vis* the Norwegian Government. British Minister said that the demand of his Government merely involved obtaining the Norwegian Government's consent to perform its neutral obligation under the latter's own decree of January, 1917, and was simply an application of the same principles as underlie the action of the Swedish and Danish Governments in mining their territorial waters and thereby preventing Allied access to the Baltic, all of which the British Minister said that he had told the Minister for Foreign Affairs.

¹ Not printed.

I fully concur in the suggestion of the British Minister to his Government regarding the desirability of your instructing me to present similar representations to the Norwegian Government. There is no doubt whatever, according to practically universal testimony, including that of the naval attaché, that Norwegian territorial waters at present constitute the chief [if not?] absolutely the only [channel] for enemy submarines thus rendering partially nugatory the vast expense and labor involved in the establishment of the mine field in the North Sea, not to mention the direct opportunities thus created for the submarines to attack Allied shipping, particularly American transports.

SCHOENFELD

File No. 763.72111N83/11

The British Embassy to the Department of State

PARAPHRASE OF A TELEGRAM FROM MR. BALFOUR TO MR. BARCLAY, DATED
AUGUST 6

The following telegram has been sent to His Majesty's Minister at Christiania, dated August 5:

You are instructed to make a communication in the following sense to the Norwegian Government. It may be made in whatever way you think most desirable.

A mine barrage has been laid by the Allies between Great Britain and Norway across the North Sea. This barrage at the Norwegian end stops outside territorial waters, the British Government having taken every precaution not to infringe the sanctity of such waters.

As a result of this barrage the territorial waters of Norway are now habitually made use of by German submarines in all lines of passage between their bases and the Atlantic. The British Government has ample proof of this practice from numerous reports received from the commanders of British submarines.

Belligerent submarines are, under the Norwegian royal decree of October 13, 1916, prohibited from making use of Norwegian territorial waters on any conditions except through stress of weather,¹ and British submarines have most strictly adhered to the terms of this decree. His Majesty's Government now requests the Norwegian authorities to secure the enforcement of the decree against all the belligerents equally.

There is only one method by which this equal enforcement of the decree can be secured, and this method has already been adopted in principle by Denmark and Sweden, namely by laying mines in territorial waters to the east of the area mined by the Allies, in such a manner as to prevent the passage of German submarines, by which the Norwegian law is deliberately broken, at the same time permitting peaceful traffic to pass by an inner passage left open for the purpose.

¹ See *Foreign Relations*, 1916, Supplement, pp. 777-778.

His Majesty's Government are confident that this policy will be acceptable to Norway. If it were refused this would amount to discrimination in favour of Germany and against the Allies; it would be to help the German submarines in their illegal destruction of Norwegian vessels; and to allow them freedom to ignore the regulations laid down by Norway herself in order to protect her neutrality.

In this situation His Majesty's Government confidently believe that the Norwegian authorities will either themselves undertake the mining operations required, or that they will allow the British Government to undertake them on their behalf. In our opinion, it is essential that this work should be undertaken, and at the earliest possible moment, and I authorize you to press on the Minister of Foreign Affairs in the strongest manner the views which we take of this question.

WASHINGTON, August 8, 1918.

[Received August 10.]

File No. 763.72111N83/55

The Chargé in Norway (Schoenfeld) to the Secretary of State

[Telegram]

CHRISTIANIA, August 12, 1918, 7 p. m.

[Received August 13, 5.50 a. m.]

1007. My telegram No. 964, August 8. British Minister this afternoon received reply from the Minister for Foreign Affairs to former's [representations] concerning closing of the outer channel off Skjaergaard by means of mines, in execution of Norwegian Government's decree of January 30, 1917. I understand from British Minister that the reply is even more unsatisfactory than he had anticipated, being a rambling and evasive discussion of general principles of international law and containing explicit reservations of the right of the Norwegian Government to decide for itself what measures may be called for by the [situation]. It does, however, suggest that Norwegian patrols may be increased and greater vigilance exercised.

British Minister inquired of the Minister for Foreign Affairs whether Norwegian patrols had orders to fire on submarines found in territorial waters under conditions violative of the Norwegian decree of January 30, 1917, but the Foreign Minister did not reply.

My telegram No. 964 contained an erroneous statement in so far as it suggested that the British Minister's representations, August 7, were merely oral; he left with the Minister for Foreign Affairs a memorandum regarding the subject of the conversation.

French Minister has been instructed to support British Minister's representations. No instructions have reached me yet. Respectfully request them.

SCHOENFELD

File No. 763.72111N83/53

The Secretary of State to the Chargé in Norway (Schoenfeld)

[Telegram]

WASHINGTON, August 13, 1918, noon.

423. Your 964, August 8, 9 p. m. Department desires you to avoid taking joint action with the British Minister. You are, however, instructed immediately to present the following note independently to the Minister for Foreign Affairs:

Your Excellency:—The Norwegian regulations for submarines in Norwegian territorial waters as promulgated by Royal decree (here insert date) prohibit belligerent submarines from making use of Norwegian territorial waters on any conditions except on account of damage, or by reason of stress of weather, or in order to save human life, and when in Norwegian waters the vessel must remain on the surface and must have her national flag hoisted and also the international signal to explain her presence and that the vessel must quit territorial waters as soon as the cause justifying her entrance no longer remains. These regulations have faithfully been complied with by the American Navy while numerous reports have been received, amounting to incontrovertible evidence, of the passage through Norwegian territorial waters of German submarines. The result in fact amounts to an unfavorable discrimination against the United States in that the Norwegian Government has not enforced impartial compliance with this Norwegian decree of neutrality which this Government has scrupulously respected. The consequence has been the establishment of a privileged channel for the submarines of an enemy of this country as a route to and from his areas of operations, resulting in facilitating the destruction of American ships and lives.

It is not apparent how the Norwegian Government can, with the best of intentions, by any measures so far adopted, prevent the use of these territorial waters by sub-surface vessels, the nominal steps taken having unquestionably failed in their purpose.

I am therefore directed by my Government to recommend to Your Excellency, very earnestly and urgently, that the Norwegian Government forthwith proceed with such new and effective measures as will prevent effectually the passage of German submarines through Norwegian territorial waters, by which Norwegian neutrality is violated. My Government feels that in the light of past occurrences and present experience, the grave importance will commend itself to Your Excellency of finding an immediate solution of a problem at once vital to Norway, in upholding her scrupulous neutrality, and to the United States, in maintaining her full rights of belligerency.

After having read and presented the foregoing note textually to the Minister of Foreign Affairs you may, in your discretion, informally and orally discuss with him the measures proposed by the British Minister, as contained in your 964, and you are authorized

to point out to him informally and orally that those proposed measures appear to be the most effective and practical method by which Norway can uphold her neutrality in the direction indicated.

For your own information: The Norwegian regulations for submarines in Norwegian territorial waters provide that submarines equipped for use in warfare, and belonging to a belligerent power, must not traverse or stay in Norwegian territorial waters; that breach of this prohibition will expose them to armed attack without previous warning; that this prohibition does not prevent a submarine from entering Norwegian territorial waters on account of damage, or by reason of stress of weather, or in order to save human life; that when in Norwegian waters the vessel must remain on the surface and must have her national flag hoisted and also the international signal to explain her presence and that the vessel must quit territorial waters as soon as the cause justifying her entrance no longer remains. Furthermore submarines equipped for use in warfare, and belonging to a foreign non-belligerent power, are also forbidden to enter or traverse Norwegian territorial waters unless such entrance or passage takes place by daylight in clear weather and on the surface and with the national flag of the vessel hoisted.

These regulations would appear to be quite satisfactory but it has been apparent from the beginning that the difficulty lies in their enforcement. Mere nominal steps have been and are ineffective and have resulted, as stated above, in the establishment of a privileged channel for the enemy.

Report fully by cable the attitude of the Minister towards your representations.

LANSING

File No. 763.72111N83/58

The Chargé in Norway (Schoenfeld) to the Secretary of State

[Telegram]

CHRISTIANIA, August 16, 1918, 1 p. m.

[Received August 17, 12.01 a. m.]

1022. I read and presented to the Minister for Foreign Affairs last night the note embodied in your telegram No. 423 of August 13, 12 noon. After the note I impressed upon His Excellency the urgency of the matter and pointed out that the representations I had just made were to be regarded as independent of any representations made to him by Allied ministers, the failure of the Royal Government impartially to enforce the decree of January 30, 1917, having resulted in establishing a privileged channel for the enemy's submarines. The Minister for Foreign Affairs said that Norwegian

Government has not been bound under international law to issue the decree at all, to which I replied that even if this were true it was not now pertinent as the decree had never been repealed. He at once said it was not the intention of the Norwegian Government to repeal it.

He asked for information as to the specific cases of violation of Norwegian waters by Germans. I said that my Government has stated that it had, in many particulars, evidence of such violations which should be sufficient. He said that with specific cases before him he could take them up with the Germans. I answered that there seemed to be no need to take up anything with the Germans; that all we asked was the impartial maintenance of Norwegian neutrality.

In discussing the points of the decree of January 30, 1917, in the manner suggested in your cipher telegram No. 423, the question came up whether Norwegian patrols were instructed to fire on submarines in territorial waters under conditions violative of the decree, and the Minister for Foreign Affairs stated categorically that patrols had such orders. I am still skeptical as to this.

His Excellency suggested that the British and French naval attachés would see the Commanding Admiral today and be informed of the new measures in contemplation for safeguarding territorial waters and asked that the naval attaché of this Legation should also see the Admiral, which will be done.

I concluded my remarks by pointing out again the serious nature of the situation in its effect on Norwegian neutrality and on the belligerent rights of the United States and emphasized anew the fact that my representations and the position of the United States in the matter were to be regarded independently of those of the Allies. His Excellency promised to take the matter into consideration with the Cabinet which incidentally meets today and give me an answer as soon as possible.

As the Minister for Foreign Affairs did not intimate that the British Minister had spoken of mining Norwegian waters I did not pursue the argument that this would be the most, if not the only effective measure to take. His Excellency was inclined to be skeptical as to the effect of our mine field in the North Sea with a view perhaps to arguing that Norwegian waters did not in fact constitute the only privileged channel for the enemy's submarines; but I impressed upon him the fact that there was no possibility whatever of any doubt on this point and submitted that in any case this could have no bearing on the necessity of Norway's impartially enforcing her neutrality.

File No. 763.72111N83/60

The British Chargé (Barclay) to the Secretary of State

MEMORANDUM

His Majesty's Chargé d'Affaires presents his compliments to the Secretary of State and has the honour to inform him that His Majesty's Government have sent a telegram to His Majesty's Minister at Christiania on the subject of the barring of Norwegian waters to submarines, of which the following is the substance:—

His Majesty's Government cannot regard the reply of the Norwegian Government to representations made to them on this subject as otherwise than unsatisfactory.

A Royal decree was issued by Norway on October 13th, 1916, prohibiting the entry of submarines into Norwegian territorial waters. German submarines did not at that time habitually make use of Norwegian waters, but they are now driven to do so for the sake of safety, owing to measures taken by His Majesty's Government.

His Majesty's Government possess evidence that on six specific occasions German submarines passed through Norwegian waters between Slotterö light and the Island of Udsire. On more than one of these occasions His Majesty's ships refrained from attacking out of respect for the rights of Norway over her territorial waters.

His Majesty's Government have the fullest support of their Allies on this question and in view of these facts, they feel entirely justified in asking the Norwegian Government to enforce their own decree.

It would not only be most damaging to Norway's own interests to permit the continuance of the present state of affairs, since Norwegian lives and merchandise are destroyed and Norwegian shipping attacked by submarines illegally entering the North Sea through Norwegian waters, but it also affords assistance to one belligerent at the expense of the other, in that its effect is to shield the submarines from attack by a belligerent at the critical point of their passage, and therefore in the opinion of His Majesty's Government, it constitutes almost an unfriendly act. The protest of His Majesty's Government against the mining of the Kogrund Channel was made precisely because of such discrimination.

The result of allowing these submarines, which are on their way to perform hostile acts, habitually to follow with success a course through neutral territorial waters, will be equivalent to the creation of a privileged passage for their benefit, and the other belligerent is bound to take all steps in his power to prevent such an abuse.

It must, however, be remembered, apart from general considerations, that His Majesty's Government are only pressing for the enforcement of Norway's own decree, a decree which is being violated. The strictest instructions for its observation have been issued to the British naval forces, and it is believed they have observed it.

According to the experience of the British Admiralty, the measures for the increase of the patrols which the Norwegian Government have expressed themselves prepared to undertake, are quite inadequate for the desired purpose. The only effective method of preventing the passage of submarines is by mining Norwegian territorial

waters, and this fact must again be impressed on the Norwegian Government.

The right of neutrals to mine territorial waters is clearly admitted in article IV of convention VIII of the Hague Conference, to which the Norwegian Government has referred in their reply, and this article was adopted unanimously at the conference.

In the opinion of His Majesty's Government, the proposed mining would not unduly inconvenience Norwegian sailing and fishing vessels, since the passage by the inner lead would not be affected. In any case the damage caused to Norwegian shipping by the illegal action of German submarines is incomparably greater.

His Majesty's Government are, however, most anxious that the Norwegian Government should not feel that the Allies are treating them harshly or inconsiderately in this matter.

The Norwegian Government have proposed to establish an increased supervision by patrols in Norwegian territorial waters and His Majesty's Government, therefore, desire to convey an expression of their gratitude to the Norwegian Government for this proposal, especially as showing that the obligation to deny to German submarines privileged passage through such waters is recognized by the Norwegian Government, and as a sign of confidence that the Norwegian Government will, on further reflection, become convinced that no amount of patrolling can ever prevent submarines from using the waters patrolled, His Majesty's Government are prepared to postpone any action for a short period. This conclusion is rendered absolutely certain by the experience of the British Government during the four years of war. The Norwegian Government will no doubt be ready to take the only effectual means for carrying out their object when they become satisfied on this point, namely, the mining of the waters in question. You will receive a despatch as to the assistance which, in case of an attack by Germany, His Majesty's Government could afford to Norway.

His Majesty's Chargé d'Affaires is also directed to inform the Secretary of State that the War Cabinet have considered the above matter and have desired Mr. Balfour to inform His Majesty's Minister at Christiania that, unless the Norwegian Government are prepared to mine efficiently the waters involved, or to allow Great Britain to do it for them, the British Government are fully resolved to carry out the work themselves. His Majesty's Minister at Christiania has therefore, been instructed to let this resolve be known privately to the Norwegian Government, explaining that, as indicated in the telegram of which the substance is given above, His Majesty's Government are ready to wait a short time, say a fortnight, before taking action.

In communicating the above, His Majesty's Chargé d'Affaires is instructed to express the hope that His Majesty's Government may rely on the support and assistance of the United States Government in carrying out this policy.

WASHINGTON, *August 19, 1918.*

[*Received August 20.*]

File No. 763.72111N83/44

The Chargé in Norway (Schoenfeld) to the Secretary of State
[Telegram]

CHRISTIANIA, August 20, 1918, 4 p. m.

[Received August 21, 10.10 a. m.]

1037. The Minister for Foreign Affairs this morning read and delivered to me a note in reply to mine of August 15 which will go forward textually in my immediately succeeding telegram. When he had finished reading the note he also read me an instruction sent yesterday to Norwegian Legations in Washington, Paris, London, and Berlin to the effect that Norwegian naval authorities had observed passage of submarines of unknown nationality through Norwegian territorial waters at specified times in specified circumstances violative of the decree of January 30, 1917, and requesting the various Governments to advise the Norwegian Government whether it was their respective submarines which had been observed.

Minister for Foreign Affairs again explained, as previously reported, that the Norwegian Government had issued instructions to its patrols to fire on submarines violating the decree of January 30, 1917.

I began my remarks by asking His Excellency what the Norwegian Government would do, for instance, in the impossible contingency that American submarines unmistakably identified were found in territorial waters under conditions violative of the decree. He replied that they would be fired on by patrols. I then asked whether it was always possible by means of patrols to identify submarines or even to see them in the day time if they ran submerged and what could possibly be done in the way of firing at night when submarines could certainly not be seen. He admitted flatly that when submerged the submarines could not be traced by Norwegian patrols without great difficulty and that at night it was impossible to see them at all. Thereupon I said that it seemed that the Norwegians were finding patrols inadequate as, indeed, other belligerents [*neutrals?*] had done before and that there was only one way to keep Norwegian waters inviolate, namely, by means of mines. He agreed. He added that this was why the Norwegian Government desired the information the Legation had been instructed to obtain, that with this information the Norwegian Government could see what further measures were necessary.

I then considered it to be within the general tenor of your instruction to me to say, and did say, categorically, that the territorial waters should be mined. He did not protest in the least. I said that I was sure we were prepared to take the consequences of his Government's action in mining territorial waters and that if it

should happen, notwithstanding the United States Navy's scrupulous respect for Norwegian neutrality, that for example an American submarine should be blown up by a Norwegian mine in Norwegian waters under conditions involving violation of the decree of January 30, 1917, no complaint could be expected from our side. I said (mentioning the recent sinking of the steamship *Sommerstad*) it was clearly necessary in the interest of Norway's own supply and shipping also to put an end to the piratical activities of German submarines; in short, that Norway must observe her neutral duties and cease to provide a privileged channel for the enemy's submarines.

I suggested that I would personally be glad to lend what assistance I could in obtaining material if it were needed and asked for, though I was only [speaking] for myself and would naturally prefer that Norway should take totally spontaneous measures. After discussing some routine matters I left.

I found His Excellency in a most accommodating frame of mind; there was not a shadow of opposition and am holding forth recognition of the practical as well as juridical expediency of mining territorial waters. My impression at the moment is that we shall carry our point particularly if there is no serious interruption in our military successes. As will appear from my next telegram transmitting the text of the note, the attitude of this Government can now scarcely be said to be so unbending as may have appeared from its reply to the British Government's representations although the line of policy the Norwegian Government seems to have determined on does involve explicit insistence on its neutral rights as against all belligerents. Meanwhile I think we should continue in the most friendly and helpful spirit to let the Norwegian Government understand that we desire them only to pursue the policy of upholding the neutrality of Norway but at the same time to perform their neutral duties, nothing more and nothing less.

I trust the Department will approve the language held by me this morning.

SCHOENFELD

File No. 763.72111N83/59

The Chargé in Norway (Schoenfeld) to the Secretary of State

[Telegram]

CHRISTIANIA, August 20, 1918, 6 p. m.

[Received August 21, 11.08 a. m.]

1038. My telegram No. 1037, August 20, 4 p. m. Following is the translated text of the note dated today handed to me by the Minister for Foreign Affairs this morning.

Referring to your confidential note of the 15th instant, I have the honor to state:

It was with great concern that the Norwegian Government received the representation of the American Government, likewise a former representation from the British Government, that numerous reports exist which are said to furnish incontrovertible proof that German submarines pass through Norwegian territorial waters in violation of the Norwegian resolution of January 30, 1917.

After the receipt of the British representation and by reason thereof, the Government immediately caused steps to be taken to render still more effective the surveillance exercised in the waters round Utsire and to the north thereof.

Moreover, the Norwegian Government thought of asking the German Government for an explanation, but deemed that it should refrain from so doing owing to the confidential character of the British representation. The representation which you made to me in your note of the 15th instant is seen to be of the same character.

The Norwegian Government has received during the past few days reports from the naval authorities of cases which have occurred of the passage through or sojourn of foreign submarines in Norwegian territorial waters. As, obviously, these cases represent violations of the resolution of January 30, 1917, the Norwegian Government has found it necessary to notify this fact to the governments of all the belligerent powers who are known or who may be presumed to carry on operations of war in the waters which border on Norwegian territorial waters. The Norwegian Government has requested the foreign governments to institute special investigations with a view to ascertaining as quickly as [possible] whether any of their submarines have violated the resolution and to report the result of their investigations to the Norwegian Government. The Norwegian Government will then lodge the most energetic protest against such violations.

With reference to the statement of the American Government that the Norwegian Government has not insisted on impartial compliance with the Norwegian resolution in question, and that the measures hitherto adopted have only been nominal, and in view of the recommendation of the American Government to the Norwegian Government to take such new and effective measures as will effectually prevent the passage of German submarines through Norwegian territorial waters, the Norwegian Government desires to point [out] the following:

[The duties] imposed in time of war by international law on a neutral state in respect of its territorial waters consist, partly in the obligation that it shall prevent by all the means at its disposal any of the belligerents utilizing them for operations of war or as a base there[for], and partly in the obligation that it shall enforce upon all the belligerents equally the observance of the regulations it issues. No matter what may flow from these obligations, none of the belligerents is justified by international law in demanding that special measures be taken by the neutral state in its own territorial waters. The Norwegian Government is convinced that it has unquestionably fulfilled its obligations in respect of both the above-

mentioned points. Just as its efforts since the commencement of the war have been directed towards the maintenance of an inviolable neutrality, so it is still its firm intention to maintain it in the future and to avoid any step which [may be] considered as a deviation from this attitude.

The above-mentioned resolution of January 30, 1917, which concerns the passage through and sojourn in territorial waters of submarines, is solely based on consideration of Norwegian interests and is obviously not intended to facilitate the war measures of one or other of the belligerents. Neither does it enjoin upon Norway any other obligation under international law than that of enforcing the resolution equally upon all parties concerned which the Norwegian Government, as already mentioned, is convinced that it has done. It cannot concede the right to any state to demand special measures in order to insure its observance.

It will, however, be calculated to call forth the serious consideration of the Norwegian Government if it be established that German submarines have utilized Norwegian territorial waters as a passage in violation of the said resolution. The Norwegian Government must request the American Government for more detailed information in regard to the cases which the latter has in mind relative to the appearance of German submarines in Norwegian territorial waters. The Norwegian Government would appreciate as complete information as possible, such as fuller [details] as to the time and place and the certainty that the submarines in question were German in each case, besides information as to the state of the weather.

When the Norwegian Government receives the information referred to from the American Government, it will immediately take into consideration [the measures] occasioned thereby in the interests of Norway and the Government might then feel called upon to take measures for sharper protection of Norwegian territorial waters. But it must definitely insist that it is its incontestable right by international law to determine for itself what measures should be taken in this respect.

SCHOENFELD

File No. 763.72111N83/61

The Chargé in Norway (Schoenfeld) to the Secretary of State

[Telegram]

CHRISTIANIA, August 21, 1918, 3 p. m.

[Received August 22, 1.14 a. m.]

1040. British Minister informs me that on the 19th instant he delivered to the Minister for Foreign Affairs an *aide mémoire* which described as unsatisfactory the reply dated August 12 of the Norwegian Government to his representations regarding mining Norwegian territorial waters, reiterated the arguments in support of such a course, cited specific instances which had been observed by British naval forces at great risks to themselves of violations by German submarines of Norwegian neutrality, and which contained a statement that would be construed, and was intended to be construed

by the Norwegian Government, as a warning that if within a short period the measures demanded by the situation be not carried out, action would be taken to close Norwegian waters in the area affected by means of mines.

British Minister informed me in strictest confidence that the War Cabinet in London had decided that within 14 days, presumably counting from the 19th instant, the area in question would be mined by British or Allied naval forces if the Norwegian Government shall not, by that time, have taken the necessary measures. He said that the British Embassies at Washington, Paris, and Rome had been directed to recommend the issuance of instructions to this Legation and to the French and Italian Ministers here to give warning to the Norwegian Government.

I understand, meanwhile, that the British Minister has not given the Norwegian Government an intimation of an actual time limit within which Norway must take the measures deemed necessary, and that he is deferring doing so until our Allied colleagues and particularly this Legation are instructed to give such warning.

British Minister has also been authorized in his discretion and if it prove opportune to do so, to state to the Norwegian Government that it may count on aeroplanes and anti-aircraft artillery to be supplied by Great Britain in the unlikely event that Germany should attack Norway if her territorial waters are mined. As to this, I do not know whether the British Minister has made such a communication to the Norwegian Government.

My Allied colleagues are of opinion, which I share, that actual hostilities by Germany are unlikely. As to the instructions referred to in my 1037 of yesterday as having been sent to Norwegian Legations in Washington, London, Paris, and Berlin, demanding explanation of the violations of Norwegian waters by belligerent submarines, it would seem that if the Germans deny having used Norwegian waters they cannot logically object to the Norwegians mining said waters; if the Germans admit having used them, the Norwegian Government has a better case for mining than ever.

SCHOENFELD

File No. 763.72111N83/61

The Secretary of State to the Chargé in Norway (Schoenfeld)

[Telegram]

WASHINGTON, August 24, 1918, 4 p. m.

435. While the Department prefers that representations to Norwegian Government regarding the barrage should not be in the form of a joint action with your British colleague, it is considered wise that you should acquaint him informally and orally with the action

you have already taken and such other steps as you may be instructed to take in the future.

You should nevertheless intimate unofficially but very plainly to the British Minister and others with whom you may discuss the matter that this Government is not in sympathy with the course the British Government is taking as outlined in the second paragraph of your 1040, August 21, 3 p. m., as it is important that they should understand that this Government does not wish to act in a way which can be construed as an infringement of the territorial sovereignty of Norway.

LANSING

File No. 763.72111N83/67

The Chargé in Norway (Schoenfeld) to the Secretary of State

[Telegram]

CHRISTIANIA, August 24, 1918, 3 p. m.

[Received 11.34 p. m.]

1054. Instructions have been received by the British Minister to defer giving the Norwegian Government the time limit warning referred to in my telegram No. 1040 of August 21, 3 p. m., regarding mining Norwegian territorial waters. British Minister further informs me that the French Government had given the British Ambassador at Paris to understand that France also desires not to assume a threatening attitude in this matter for the present. I am inclined to think, however, from subsequent conversation with the French Minister, that he had given [intimation] of the warning to the Minister for Foreign Affairs before he learned of his Government's present attitude.

SCHOENFELD

File No. 763.72111N83/59

The Secretary of State to the Chargé in Norway (Schoenfeld)

[Telegram]

WASHINGTON, August 27, 1918, 7 p. m.

441. Your 1038, August 20, 6 p. m. You are instructed to deliver the following note to the Minister of Foreign Affairs:

I have the honor to acknowledge the receipt of Your Excellency's note of August 20, the text of which I immediately telegraphed to my Government. I am now instructed to communicate to Your Excellency my Government's reply.

The Government of the United States has given careful consideration to the Norwegian Government's note of the 20th August and has noted especially the request for more detailed information in regard to cases of violation of the territorial waters of Norway by German submarines.

In view of the fact that in the present war the operations of the naval forces of the United States, excepting certain units cooperating with the British Grand Fleet, have been confined to waters far distant from the coasts of Norway, the Government of the United States is unable to furnish the desired information based upon the direct observation and personal knowledge of American officers. Nevertheless, since the naval forces of the United States are in constant and intimate association with the naval forces of the Entente Powers, the naval activities of the Central Powers coming to the knowledge of the Entente authorities are immediately communicated to the naval authorities of the United States, and the information thus received is considered to be as reliable as if it had been obtained by American officers.

In view of the fact that the British Government have furnished to the Norwegian Government concrete cases and definite information of violations of Norwegian territorial waters by German submarines, the Government of the United States does not think it would serve any good purpose to repeat this detailed information since, its source of knowledge being the same as that of the Norwegian Government, it could add nothing to the facts already in the possession of the Norwegian Government.

The Government of the United States is also advised that the Norwegian Government has been informed that the Governments of the United States and Great Britain are engaged in laying a barrage across that portion of the North Sea lying between Scotland and Norway, which when completed will effectively prevent the passage of enemy submarines to and from the Atlantic Ocean by the northern route through the North Sea provided that they are not permitted illegal passage through the territorial waters of Norway.

The Norwegian Government cannot be unmindful of the fact that in the prosecution of the war being waged against the Central Powers the Government of the United States is transporting across the Atlantic Ocean hundreds of thousands of troops and immense quantities of supplies and munitions for their maintenance and use. Possessed of this knowledge the Norwegian Government must perceive that so long as German submarines are permitted to pass unmolested through the coastal waters of Norway into the Atlantic Ocean from the North Sea, the military forces of the United States, the supplies necessary for their subsistence, and the munitions required for their operations will be, while upon the high seas, in serious danger of submarine attack and destruction.

In view of the menace to American interests which will result from the free passage of submarines through the territorial waters of Norway, the Government of the United States believes that the Norwegian Government will realize the obligation which rests upon it to prevent by every means in its power the passage of German submarines through waters within the jurisdiction of Norway. Furthermore it cannot fail to realize that if Norwegian waters are used by belligerent submarines as a rendezvous whence they can freely pass into the Atlantic Ocean for hostile purposes the waters so used may justly be considered a base of naval operations, the establishment of which within Norwegian jurisdiction the Government of the

United States believes to be entirely contrary to the will and intention of the Government of Norway.

In the circumstances the Government of the United States most earnestly urges the Norwegian Government to take all necessary steps to prevent a situation which might cause serious embarrassment to both Governments which would be deeply regretted by the Government of the United States as it has only the most friendly feeling for the Government and people of Norway and is desirous to prevent as well as to remove all causes of difference affecting the good relations of the two countries in their intercourse with each other.

LANSING

File No. 763.72111N83/71

The Chargé in Norway (Schoenfeld) to the Secretary of State

[Telegram]

CHRISTIANIA, August 30, 1918, 5 p. m.

[Received August 31, 10 a. m.]

1082. I delivered to the Minister for Foreign Affairs last night the note embodied in your telegram No. 441 of August 20 [27]. After delivering the note I emphasized the following points:

(1) That whereas we had previously recommended that measures be taken to prevent the use by enemy submarines of Norwegian territorial waters as a privileged channel, we now earnestly urged that they be taken in order to prevent a situation which might cause serious embarrassment to both Governments.

(2) That irrespective of the friendly relations subsisting between Norway and the various powers associated with the United States in the war, we felt the relations between Norway and the United States were particularly close for special reasons, in connection with which I mentioned the esteem in which the Norwegian element in our population was held, and the special effort the United States had made to show Norway all possible consideration, especially in the negotiations that led to the War Trade Board agreement.

(3) That as stated in my note the United States believed Norwegian territorial waters could justly be regarded as a base of naval operations if they are used by German submarines as a rendezvous, whence the latter can freely pass into the Atlantic Ocean for hostile purposes. Minister for Foreign Affairs rather questioned the validity of this statement; I said that so long as the Norwegians failed to prevent the passage of submarines through coastal waters, there was no essential difference between the situation created for German submarines in Norwegian waters by the protection afforded them by our respect for Norwegian neutrality, which was [restraining] us, and the situation in which submarines found themselves when under the protection of German fortresses and mine fields at their German base. Minister for Foreign Affairs admitted the force of the contention somewhat reluctantly.

He then said that he hopes soon to receive French and German replies to his inquiry as to the nationality of submarines observed in Norwegian waters as reported in my telegram No. 1037 of August 20.¹ Meanwhile he had been informed by Norwegian naval authorities that the extinguishment of Utsire and Røværsholmen lights, reported in my telegram No. 1074 of yesterday,² would greatly hinder operation of submarines in those waters, and accordingly the extinguishment had been ordered despite the difficulties that would be occasioned thereby for Norwegian shipping. He then mentioned the announcement made by the Commanding Admiral, as reported in my telegram No. 1073² yesterday, regarding the firing by a submarine on the Swedish steamship *Irma* in Norwegian territorial waters; I inquired whether this announcement was not the first ever made on the subject by the Commanding Admiral. Minister for Foreign Affairs thought that it was. Before leaving I asked whether, in case the Germans replied to his inquiry regarding the nationality of submarines observed in Norwegian waters by denying that German submarines had violated Norwegian territory, it would not be natural for the Norwegian Government then to proceed mining territorial waters as the Germans could in that case have no substantial objection to offer; he replied that he preferred for the present not to answer this hypothetical question.

The whole conversation was couched in the most friendly tone possible, and I again took occasion to point out that we desired to assist Norway to protect her neutral rights, while we only asked that at present the Norwegian Government perform its neutral duties. I have the distinct impression that we shall obtain action; at least it is being seriously contemplated, and I feel that the disposition to take the action desired by us really exists. With frank, skillful, and kindly handling of the matter, it seems to me that we may fairly expect success.

SCHOENFELD

File No. 763.72111N83/45

The Secretary of State to the Chargé in Norway (Schoenfeld)

[Telegram]

WASHINGTON, September 3, 1918, 4 p. m.

450. Your 1085, August 31, 5 p. m.² Norwegian Minister presented note dated August 20² under the instructions of his Government reporting certain instances where foreign submarines have passed through or stopped within the territorial waters of Norway and requesting an investigation with a view to ascertaining whether any

¹ *Ante*, p. 1777.

² Not printed.

American submarines have violated the provisions of the Royal decree of January 30, 1917.

A further note was addressed to the Department by the Minister dated August 29¹ presenting further instances where foreign submarines have been seen within the territorial waters of Norway and adding that the Norwegian Government "who learns with an ever increasing anxiety of each new case where the Royal Norwegian decree of January 30, 1917 is violated, and who cannot help feeling some impatience whilst awaiting the replies from the belligerent Governments to the previous note, thinks that it ought by these presents to advise these Governments that while it has already increased the inspection in the territorial waters concerned, it will deem itself compelled to take special military measures in these waters in order to maintain its rights."

The Department is today replying to the Norwegian Minister, and requesting him to so advise his Government, that no submarine of the United States Navy has ever entered the territorial waters of Norway.

The foregoing is for your information and may be communicated informally to the Minister of Foreign Affairs, if you so desire, in anticipation of the Norwegian Minister's communication to his Government.

LANSING

File No. 763.72111N83/87

The Chargé in Norway (Schoenfeld) to the Secretary of State

[Telegram]

CHRISTIANIA, *September 28, 1918, 5 p. m.*

[Received September 29, 6.25 a. m.]

1183. In answer to note of August 29 last regarding the protection of Norwegian territorial waters against belligerent submarines, the Minister for Foreign Affairs to-day read and handed to me a note under to-day's date which is as follows in translation:

With reference to your note of August 29 last regarding measures to be taken in respect of cases of violation of Norwegian territorial waters I have the honor to again point out that the Norwegian Government is determined, by the means it finds most serviceable, to insure compliance with the orders it has issued for the protection of the security of the national territory and that it will hold every belligerent power accountable for violation of these regulations.

Meanwhile the Norwegian Government feels itself obliged to make the following remarks with regard to your note:

The thirteenth Hague convention of 1907 provides expressly in article 10 that a country's neutrality is not called in question by the mere fact that belligerent war vessels are permitted to pass through its territorial waters. No exception is made in this provision of the

¹ Not printed.

convention for submarine boats. The fact that Norway by a domestic regulation has conditionally forbidden such war vessels to pass through her territorial waters does not in any respect change the position of Norway under international law and gives the belligerents no right to make a demand on the Norwegian Government which is not based on general rules of international law. The regulation in question, as stated in my note of August 20, was called forth exclusively by consideration of Norway's own interests, and just as a similar regulation has [not] been made by all other neutral states, so Norway would also be fully entitled by international law to revoke this regulation if, according to circumstances, at a given time Norway should no longer find it compatible with her interests.

There is no information before the Norwegian Government that Norwegian territorial waters are being used by foreign submarines as a "rendezvous". None of the circumstances surrounding the cases of sojourn of submarines in territorial waters which the Norwegian naval authorities have observed or been informed of or which are brought by the British Government confidentially to the knowledge of the Norwegian Government, indicate that these cases involved anything else than passage.

Accept [etc.]

London advised.

SCHOENFELD

File No. 763.72111N83/85

The Chargé in Norway (Schoenfeld) to the Secretary of State

[Telegram]

CHRISTIANIA, September 28, 1918, 9 p. m.

[Received September 29, 3.45 p. m.]

1185. My telegram No. 1184 today.¹ Following is the translated text of Norwegian Government's instructions to its Legations at Washington, London, Paris, and Berlin to announce this Government's decision to mine Norwegian territorial waters in order to prevent their violation by belligerent submarines:

I request the Legation to make a verbal announcement to the Foreign Office concerned, while referring to your two previous representations (see my telegrams of August 19 and 28) to the following effect:

The Norwegian Government has noted the answer which, in reply to its former representations, it has received from the British Government to the effect that it had been established that a British submarine had violated the Norwegian resolution of January 30, 1917, in respect of which violation, the Norwegian Government has lodged the most definite protest. In regard to the other instances complained of, assurances have been received from the American, British, and French Governments that no submarines belonging to these countries have violated the above-mentioned resolution. The Norwegian Government is still without a reply from the German Government to its former representations. The Norwegian Government has previously given warning that it will be obliged to take special military measures in

¹ Not printed.

the areas affected in order to maintain its rights. Up to the present, the Norwegian Government has delayed taking such special measures except that it has caused to be extinguished certain lights on the west coast of Norway which was done amongst other reasons owing to the violation of the resolution. The Government as a matter of fact before taking steps towards a more effective measure, desired to give all the belligerents concerned opportunities to furnish it with the fullest possible information as it could not of course in advance be considered precluded that there might in individual cases at least to a certain extent be extenuating circumstances. With the passing of time, however, the Norwegian Government's anxiety has increased as it has not been able to close its eyes to the risk that the numerous cases which have already been observed with certainty might at any time be succeeded by others. The Norwegian Government, therefore, finds that it must now proceed to lay mines in certain areas. In so doing, the Norwegian Government will take care that peaceful commercial navigation will not be stopped in traffic along the Norwegian coast.

The present circular telegram sent to Legations Berlin, London, Paris, Washington.

London advised.

SCHOENFELD

File No. 763.72111N83/88

Memorandum of the Third Assistant Secretary of State (Long)

September 30, 1918.

The Norwegian Minister called today and advised me that his Government had decided to mine the territorial waters of Norway to prevent the passage of belligerent submarines. He said that in response to their notes of inquiry as to the identity of certain submarines which had passed within his territorial waters, his Government had been advised by the United States that none of its submarines had penetrated; by the French Government that none of its submarines had penetrated; by the British Government that one of its submarines had penetrated, and that it had protested; that Germany had not answered their inquiry, but that Norway felt a sufficient time had been allowed to elapse and that she would now immediately proceed to mine the waters; but she would allow the passage of merchant ships. The mining will take place in one week.

BRECKINRIDGE LONG

File No. 763.72111N83/39

The Chargé in Norway (Schoenfeld) to the Secretary of State

[Telegram]

CHRISTIANIA, October 3, 1918, 7 p. m.

[Received October 4, 12.30 a. m.]

1209. My telegram No. 1189, September 29, 5 p. m.¹ I am in receipt of a *note verbale* from the Foreign Office dated today reading as follows in translation from the French:

¹ Not printed.

The Ministry for Foreign Affairs has the honor to bring to the knowledge of the Legation of the United States of America that automatic [contact] mines will be placed by the Royal Norwegian Navy in the part of Norwegian territorial waters comprised between 59° 8' and 59° 25' north latitude and [west] of 5° 10' longitude east of Greenwich. For this reason the above indicated areas will be closed to ordinary traffic from Monday, October 7, 1918.

The Legation of Norway at Washington has been instructed to bring the foregoing to the knowledge of the Government of the United States of America.

SCHOENFELD

THE TREATMENT IN A NEUTRAL PORT OF THE CREW OF A
WRECKED BELLIGERENT WARSHIP: THE CASE OF THE CREW
OF THE "SEEDLER"

File No. 763.72/9128

The Chargé in Chile (DeBillier) to the Secretary of State

[Telegram]

SANTIAGO, *March 10, 1918, 2 p. m.*

[Received 7.30 p. m.]

Embassy's March 6, 11 a. m.¹ Chilean Government studying status of officers and men of crew of *Seedler*. Appear inclined to regard them either as pirates or shipwrecked sailors. As first view unlikely to prevail, danger they may escape internment as crew of armed belligerent vessel.

DeBILLIER

File No. 763.72/9128

The Secretary of State to the Chargé in Chile (DeBillier)

[Telegram]

WASHINGTON, *March 15, 1918, noon.*

Your March 10, 2 p. m. Department informed that *Seedler*, formerly American ship *Pass of Balmaha*, was captured by German submarine and condemned by German prize court on ground of invalidity of transfer from British to American registry after beginning [of] war; that it was transformed into auxiliary cruiser with improved type Diesel engine capable of 16 knots and with armament including two 105-centimeter guns; that it left Cuxhaven, December 21, 1916, in charge of German naval officers, Count von Luckner and Lieutenants Kling and Priess; that it sank nineteen vessels; that it was wrecked on Mopeha Island, Society Group, where French schooner *Lutèce* was captured, armed and remaining German crew sailed on her.

¹ Not printed.

Communicate foregoing informally Foreign Office, observing that it would seem officers and crew should be interned by Chilean Government.

Department presumes these men landed at Easter Island from captured French vessel *Lutèce*. Ascertain and report by telegraph if such is the case.

LANSING

**THE TREATMENT OF ARMED MERCHANT SHIPS IN CERTAIN
FOREIGN PORTS**

File No. 763.72111/7035a

*The Secretary of State to the Chargé in Honduras (Curtis)*¹

[Telegram]

WASHINGTON, July 6, 1918.

Inform Department by cable what restrictions, if any, are imposed by Government of country to which you are accredited, upon entrance into its ports of armed American merchantmen engaged in commerce.

LANSING

File No. 763.72111/7037

The Chargé in Honduras (Curtis) to the Secretary of State

[Telegram]

TEGUCIGALPA, July 9, 1918, 3 p. m.

[Received July 10, 11.52 a. m.]

In reference to your July 6, 7 p. m. The President, the Minister for Foreign Affairs, assure me that there are no restrictions whatsoever as to the entrance into Honduran ports of American merchant vessels armed for defense only.

CURTIS

File No. 195.95/69a

The Secretary of State to the United States Shipping Board

WASHINGTON, July 11, 1918.

GENTLEMEN: With reference to your letter of June 19, 1918, to Mr. Auchincloss² and confirming Mr. Shaw's conversation with you of July 6, the Department, according to its present information, believes that there will be no difficulty in sending merchant vessels defensively armed to the following countries:

¹ The same, on the same date, to the Ministers in Salvador and Guatemala (File Nos. 763.72111/7035b and 7035c).

² Not printed.

SOUTH AMERICA

Argentina. Excepting in the case of Buenos Aires armed vessels cannot bring their powder into Argentina, but must first place it on board an Argentine station ship near Buenos Aires while the merchant ship is in the docks.

Brazil.

Chile. Vessels armed for defence may use Chilean ports on condition that notice of approximate date of arrival be given Chilean Government to permit verification of defensive nature of armament.

Colombia.

Paraguay.

Peru.

Uruguay.

Venezuela.

CENTRAL AMERICA AND WEST INDIES

Costa Rica.

Dominican Republic.

Haiti.

Honduras.

Guatemala.

Nicaragua.

Panama.

Regarding the sending of armed merchantmen to Mexico it is suggested that the Shipping Board follow a procedure similar to that which it is understood has been adopted in such cases by the British Government; that is, the guns, whose calibre shall be less than six inches and which shall not be mounted forward, shall be dismantled before entering Mexican territorial waters. If it is found impracticable to dismantle the guns, it will at least be essential to abide by the first two rules adopted by the British authorities and it will also be necessary that the gun crew should be small and should not appear in the uniform of the United States Navy.

I am [etc.]

For the Secretary of State:

WILLIAM PHILLIPS

File No. 763.72111/7044

The Minister in Guatemala (Leavell) to the Secretary of State

[Telegram]

GUATEMALA, July 17, 1918, 10 a. m.

[Received July 18, 5.15 a. m.]

Your July 6, 7 p. m. Have just been informed by Under Secretary of Foreign Relations, the President and the Foreign Minister both being sick, there are no restrictions imposed upon armed American vessels upon entrance into any Guatemalan port.

LEAVELL

File No. 763.72111/7065a

*The Acting Secretary of State to the Minister in the Netherlands
(Garrett)*

[Telegram]

WASHINGTON, July 31, 1918, 6 p. m.

1825. Please ascertain and report by cable as soon as possible attitude of Netherlands Government towards American merchantmen defensively armed which may enter Netherlands colonial ports. Such merchantmen ordinarily carry a 5.40-inch gun mounted aft and a three pounder forward. Guns manned by regular Navy crew of from 18 to 21 men.

POLK

File No. 763.72111/7098

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, August 22, 1918, 4 p. m.

[Received 9.52 p. m.]

4057. My 2890, August 8, 4 p. m.¹ Minister for Foreign Affairs informs me that according to article 4 of declaration of neutrality war vessels and vessels assimilated thereto, such as armed merchantmen, belonging to belligerent countries are excluded as general rule from the Netherlands territory including colonial possessions. Following exceptions to rule are recognized:

(1) Vessels of above classes may enter Netherlands territorial waters in case of shipwreck or storm; must leave as soon as circumstances permit.

(2) Vessels of this description may enter ports of Dutch colonial possessions for sole purpose of completing supply of provision and coal but must leave as soon as purpose has been accomplished and at any rate within 24 hours.

(3) Such vessels if destined for a religious, scientific, or philanthropic mission are not affected by rule of exclusion.

GARRETT

**THE STATUS IN NEUTRAL PORTS OF NEUTRAL SHIPS TAKEN
OVER BY A BELLIGERENT**

File No. 656.119/262a

*The Secretary of State to the Chargé in Chile (DeBillier)*²

[Telegram]

WASHINGTON, March 23, 1918, 7 p. m.

The Government of the United States intends to assign to the trade between the United States and the country to which you are accred-

¹ Not printed.² The same, *mutatis mutandis*, except for next to last sentence, on the same date, to the Ambassador in Argentina and the Ministers in Peru and Uruguay.

ited some of the Dutch ships recently taken over by this Government and to be operated under complete control of the United States Shipping Board and to be manned by civil employees of this Government.

In order to avoid the possibility that these vessels might be libeled or otherwise drawn into litigation upon arrival in Chile, by Dutch subjects or other persons claiming title or interest in them, with resulting delay or loss of use of the ships, the Government of the United States considers it advisable before putting these ships into this important and essential trade, to obtain such assurances as may be possible from the Government to which you are accredited that if litigation is instituted the vessels will not be delayed or held on that account, but will be released without bail if possible. Will any distinction be made between these vessels and those referred to in Department's October 6, 5 p. m.,¹ and your despatch No. 247, October 12, 1917?²

Report at earliest moment by cable.

LANSING

File No. 656.119/263

The Chargé in Chile (DeBillier) to the Secretary of State

[Telegram]

SANTIAGO, March 27, 1918, 4 p. m.

[Received 9.30 p. m.]

Department's March 23, 7 p. m. Given positive assurances orally that no distinction will be made between Dutch boats and those referred to in Embassy's despatch No. 247, October 12, 1917. Promised confirmatory note tomorrow.

DEBILLIER

File No. 656.119/268

The Ambassador in Argentina (Stimson) to the Secretary of State

[Telegram]

BUENOS AIRES, March 28, 1918, 10 a. m.

[Received 2 p. m.]

Your March 24 [23], 2 [7] p. m. I saw the Minister of Foreign Affairs this afternoon and took up with him in conversation the matter of the status in Argentine ports of the Dutch ships now taken over by United States, according to instructions conveyed to me in the telegram above referred to.

The Minister of Foreign Affairs assured me definitely that when such vessels arrive in Argentine ports they will be considered as being the property of the United States, as national vessels, and that

¹ *Foreign Relations*, 1917, Supplement 2, vol. II, p. 1261.

² Not printed; see telegram of Oct. 11, *ibid.*, p. 1262.

the Argentine Government will neither make nor permit to be made any inquiry as to their former ownership; that since this is the attitude of the Government the courts in this country must adopt the same attitude in the event of any attempt to attach them by legal means. To confirm this promise the Minister informed me that he would address a note to me on this question reiterating these assurances.

STIMSON

File No. 656.119/307

The Chargé in Uruguay (Wadsworth) to the Secretary of State

[Telegram]

MONTEVIDEO, April 2, 1918, 4 p. m.

[Received 11.55 p. m.]

Referring to the Department's March 23, 7 p. m., *re* Dutch vessels. Uruguayan Government in reply to request for assurances desired by Department replies:

In accordance with commercial legislation in force in our country, no foreign vessels arriving in waters of the Republic may be detained or embargoed except in cases referring to debts contracted in Uruguay and in annexation of the ships themselves or of their cargoes and to be paid in the Republic.¹

WADSWORTH

¹ The Spanish text of the Uruguayan note of April 1, 1918, was received by the Department enclosed in a despatch dated February 4, 1932, from the Legation in Uruguay, and reads as follows:

MONTEVIDEO, Abril 1, 1918.

SEÑOR ENCARGADO DE NEGOCIOS: Tengo el honor de acusar recibo de la nota de Vuestra Señoría, fecha 28 del pasado, por la que se sirve comunicarme la decision del Gobierno de Estados Unidos de América de destinar al comercio entre el Uruguay y los Estados Unidos algunos de los buques holandeses, cuya posesión se ha decretado por el Gobierno Americano: añadiendo que dichos buques funcionarán de acuerdo con el Shipping Board y tripulados por empleados civiles del Gobierno de los Estados Unidos.

Vuestra Señoría, obedeciendo instrucciones de Washington, se sirve solicitar de mi Gobierno alguna seguridad de que en caso de que se pretenda promover en el Uruguay algún litigio por agentes a súbditos holandeses, dichos buques no serán retenidos o demorados en aguas de la República.

En contestación me complazco en manifestar a Vuestra Señoría que, de acuerdo con la legislación comercial vigente en nuestro país, ningún buque extranjero que llegue a aguas de la Republica podrá ser detenido ni embargado,—salvo en el caso de que se trate de ejecución de deudas contraídas en el Uruguay y en utilidad de los mismos buques o de sus cargas o a pagar en la Republica ”.

Dejando así contestada la nota de Vuestra Señoría, aprovecho la oportunidad para reiterarle las seguridades de mi muy distinguida consideracion.

BALTASAR BRUM

File No. 656.119/320

The Minister in Peru (McMillin) to the Secretary of State

[Telegram]

LIMA, April 5, 1918, 10 a. m.

[Received 4.02 p. m.]

Department's circular of March 23, 7 p. m. In reply to Legation's note, Minister of Foreign Affairs says that Peruvian Government gives to Government of the United States most complete assurances that the ships which the American Government has decided to dedicate to commercial traffic between the United States and Peru will enjoy [in] Peruvian ports fullest facilities, so that in no case can they be subjected to delays or exigencies of bond arising from litigation which might come up over their possession.

McMILLIN

File No. 656.119/400

The Ambassador in Argentina (Stimson) to the Secretary of State

[Telegram]

BUENOS AIRES, May 1, 1918, 11 a. m.

[Received 6.21 p. m.]

Your April 27, 7 p. m.¹ I received last night a reply from the Minister for Foreign Affairs to my notes of March [27] and April 15² relative to the situation of the Dutch vessels taken over by the United States Government. I quote literally the two important paragraphs:

The ships which may come to Argentine waters flying the flag of the United States, voyaging under the responsibility of that Government, are considered as belonging to that nation and consequently enjoy [all] rights and prerogatives which correspond to them as such.

With respect to claims which individuals may make before courts of justice, the situation of those ships is governed by Argentine laws as the code of commerce establishes, section 871:

Foreign vessels anchored in ports of this Republic cannot be detained or embargoed, even if they be unloaded, for debts that have not been contracted in the territory of the Republic and for the benefit of such vessels or of their cargo, or that should be paid in this Republic.

The Department will note that the reply promises no executive interference with the action of the courts and that the first paragraph is evidently written with a view to the reclamation being made by the Argentine Government in the case of the *Chaco*.³

STIMSON

¹ Not printed.² See point 4 of the telegram to the Ambassador, Apr. 13, and of his reply, *ante*, pp. 1749 *et seq.*³ Supplement 2, pp. 829 *et seq.*

File No. 656.119/636

The Acting Secretary of State to the Chargé in Argentina (Robbins)

[Telegram]

WASHINGTON, July 24, 1918, 7 p. m.

Your July 20, 1 p. m.¹ You are instructed and authorized to employ a reliable attorney at a reasonable fee to render a report and opinion in respect to the immunity in Argentine ports from legal proceedings of the Dutch merchant vessels, the possession and use of which have been requisitioned under an act of Congress by the United States Government, and which are manned and operated under the American flag by the United States Government. It is contemplated that these vessels will be used in merchant trade only, that is, carriage of cargoes for hire.

This opinion should cover the foregoing question on the following assumptions:

- (1) That these Dutch ships are armed for defensive purposes by one or two guns of a calibre less than six inches mounted on the stern;
- (2) That the vessels are not armed at all;
- (3) That the vessels are officered and manned by officers and sailors of the United States Navy in uniform and in the pay of the United States Government;
- (4) That these vessels are officered and manned by employees of the United States Shipping Board, an administrative branch of the United States Government.

Also obtain an opinion as to whether, if proceedings may be had against these vessels, they would be held pending the outcome of the proceedings, or whether it would be possible to have them released upon security; and if so, what security would be required.

These opinions are desired on account of the apprehension of this Government that the owners of the vessels or other persons having an interest in them may endeavor to assert their rights in Argentine courts by legal proceedings which would result in the use of these ships being in some way lost temporarily or permanently to the United States,—a risk which the shortage of tonnage will not allow the United States to take.

POLK

File No. 656.119/657

The Chargé in Argentina (Robbins) to the Secretary of State

[Telegram]

BUENOS AIRES, July 31, 1918, 8 p. m.

[Received August 1, 1.15 a. m.]

Your July 24, 7 p. m. The following opinion has been given by Ricardo Aldo [Aldao], one of the leading Argentine lawyers, on

¹ Not printed.

the status of the Dutch merchant vessels requisitioned by the Government of the United States:

With regard to assumptions 1, 2, 3, and 4, he states that the legal status of the case would in no way be changed and explains that the vessels whether unarmed or armed only for defensive purposes and whether manned by men of the United States Navy or by our Shipping Board will always be free to carry on maritime trade with any Argentine port provided such munitions as may be carried by said vessels be transshipped to lighters in the rivers, which ruling is observed in the case of all merchant vessels.

With regard to the last question he is of the opinion that no embargo can be made in Argentine on any vessel about to [sail], which would be the usual status of the vessels referred to, except in settlement of claims for payment of supplies purchased for the next homeward trip, and also that no foreign vessel can be embargoed in Argentine, even though not ready to sail, except for payment of debts, which case would be unlikely, incurred in Argentina or to be paid in Argentina. He adds finally that even in the case of an embargo being made the same could be immediately substituted by a banking guarantee.

ROBBINS

**THE TRANSIT THROUGH NEUTRAL TERRITORY OF SUPPLIES
SHIPPED FROM A BELLIGERENT COUNTRY TO A COUNTRY OC-
CUPIED BY ITS ARMED FORCES**

File No. 763.72/9682

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, April 23, 1918, 6 p. m.

[Received April 24, 9.34 a. m.]

2371. Germany has within the last few days demanded of Holland:

- (1) Removal of vexatious customs examinations at the frontiers;
- (2) Passage of civil goods on the Limburg railways, from München-Gladbach via Roermond to Antwerp;
- (3) That the Rhine convention shall be understood as Germany understands it, namely, that everything goes through in war, as in peace;
- (4) Unrestricted and uncontrolled transit of sand and gravel; and—
- (5) That troops and munitions shall be allowed to pass through Limburg.

The best obtainable information is to the effect that demand number 5 has not actually been presented to the Dutch Government, but that a statement regarding it was handed in by German Legation

through "mistake" with the four other demands. The Austrian Minister, I learn from what I consider to be perfectly good authority, was informed by his German colleague of the presentation of the first four demands, and he learned about the fifth demand only through the British Chargé d'Affaires, the Dutch Minister of Foreign Affairs having told Sir Walter Townley of it and he having told a go-between. Loudon, Treub and, so far as I can learn, the members of the Government as a rule, and the Dutch Army pretend publicly to believe that these German demands are nothing but a bluff and that they are not in the least worried about them. Bluff or not, they produce a situation that Loudon states privately he considers serious.

German policy is now controlled entirely from General Headquarters. Nobody doubts that they would order Holland entered for their own purposes, at any time, if they thought they had anything to get thereby. The demand for the passage of troops and munitions through Limburg, if it should be made, would not differ in its effects from a demand for the use of the Scheldt, or a demand for the use of any other part of Dutch territory. The Dutch would resent it and though I find that Entente military circles here believe or profess to believe that the Dutch Army would fight, there are other well-informed circles that think that the Dutch would not go beyond a breaking off of diplomatic relations with the Central Powers and the necessary formal protests.

Hada [?], who is an authority on Dutch affairs has just returned from General Headquarters and Gevers is summoned to The Hague and is expected to arrive tomorrow.

GARRETT

File No. 763.72/9725

*The Minister in the Netherlands (Garrett) to the Secretary of State*¹

[Telegram]

THE HAGUE, April 25, 1918, noon.

[Received 5.36 p. m.]

2381. Loudon sent for French Minister at 11 o'clock last night and told him that since his talk with me yesterday afternoon he had seen the German Minister who had formally demanded (1) unrestricted and uncontrolled transit of sand and gravel and (2) permission for the German and Austrian ships at Antwerp to leave via Dutch waters.

Loudon asked Allizé to inform Townley and me, for transmission to our respective Governments, of the new climax that had arisen and

¹ Repeated to the Ambassador in France, No. 3712, Apr. 25, midnight, with the instruction, "You will communicate at once with General Bliss and request his opinion as to the following despatch received tonight from The Hague."

to ask whether it would be to the interest of the Associated Governments that Holland should resist the German demands to the point of breaking off relations and all the consequences thereof, which Rosen indicated would be inevitable in the event of a refusal of them.

Loudon did not tell Allizé whether or not he would await the answer of the Associated Governments before replying to the German demands and Allizé proposes to call upon him this afternoon and has suggested that Townley and I go with him to clear up any doubt that there may be.

GARRETT

File No. 763.72/9726

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, April 25, 1918, 9 p. m.

[Received April 26, 9.05 a. m.]

2383. My cipher telegram 2381, April 25, 12 noon. The Minister for Foreign Affairs asked me to come to see him this afternoon with my French and British colleagues. He referred to conversation with Allizé last night which I telegraphed you. He had just come from a Cabinet council and said that they had decided to refuse absolutely the German demand in regard to the ships at Antwerp. In regard to sand and gravel he had talked again with Rosen who told him that Germany would be content with the transit of a limited amount which he put at 1,600,000 tons per annum. Germany would also require the exportation of 250,000 tons of Dutch gravel per month. Loudon thought the amount for export might be the subject of reduction and that it might be a useful weapon in his hands in demanding coal from Germany in return. There was no further modification of the demands as communicated to you in my 2381. Loudon thinks that he cannot delay his answer to the German demands longer than three or four days. He told us that he unfortunately could not help believing that these demands were a pretext for further demands which Holland might not be able to consider.

My colleagues and I came away with the conviction that the situation from the Dutch standpoint is most serious and perhaps critical. We are convinced that we should help Holland in our own interests to meet these present German demands as best she can without a break and that if they are the pretext for further and impossible demands on Holland's neutrality she will side with us or rather against Germany for all she is worth. Both of my colleagues are telegraphing in the above sense to their Governments.

Townley tells me that the situation up to yesterday has been referred to the Council at Versailles.

GARRETT

File No. 763.72/9744

The Ambassador in France (Sharp) to the Secretary of State

[Telegram]

PARIS, April 28, 1918, 10 a. m.

[Received April 29, 4.20 a. m.]

3737. Referring to the Department's No. 3712.¹ Following from General Bliss:

1. On April 23 the British military representative presented to his colleagues at Versailles a statement from British War Cabinet of which following is a *résumé*.

2. British Government had learned from its Minister at The Hague that German Minister there had received definite instructions from his Government to make the following demands on Holland:

- (1) New boots, clothes, etc., taken from Holland by persons traveling to Germany to be allowed to pass the frontier more freely;
- (2) Civilian goods to be given free transit over the Limburg railway into Belgium;
- (3) Holland to recognize the right of Germany to transport every class of commodity, in accordance with the terms of the Rhine Convention;
- (4) The transit without any restrictions of sand and gravel to Belgium via Lobith to be resumed, Germany to be permitted to send up to 200,000 tons a month, and 250,000 tons a month to be exported from Holland to Belgium.
- (5) Troops and ammunition to be given free passage over the Limburg railway.

3. Referring to the foregoing, British War Cabinet states in substance as follows: that so far only the first four demands had been communicated to the Minister for Foreign Affairs and the first two demands have been accepted; that the German Minister did not appear to have communicated fifth demand, as he is opposed to the policy which dictates this demand; that the German Minister at The Hague was instructed to demand that the passage of sand and gravel through Holland should be resumed without conditions by 1st of May next; that he was instructed to state that if Netherlands Government resisted this demand, the German Government is prepared to use force; that it appears that this traffic in sand and gravel is intended to take place by railway through Limburg, not via Lobith; that German Minister appears to have merely communicated the gist of these instructions, verbally, to the First Secretary to the Minister for Foreign Affairs as he feared if an ultimatum of this nature was presented, war must result; that the Dutch Foreign

¹ See footnote 1, *ante*, p. 1798.

Minister informed the German Minister that his Government could not reopen the question unless a Dutch commission was permitted to make a thorough inquiry of the use to which sand and gravel were being put in Belgium; that the German Minister refused to accept any such proposal; that Minister for Foreign Affairs, who showed no signs of yielding to German demands, expressed the opinion that it was merely a question of intimidation on the part of Germany, and that he did not anticipate any serious trouble to arise from his refusal to accede thereto; that it is difficult to say what motive Germany can have for forcing Holland into war and it may be that it is merely a question of intimidation; that it is possible, however, that Germany's action may be connected with certain contemplated fleet movements in conjunction with the endeavor now being made on the western front to reach the French coast ports.

4. The British War Cabinet asked the views of the military representatives on the military aspects of the case and whether Holland should be advised by the Allies to submit to the German demands or resist even to the point of war.

5. After prolonged consideration, the military representatives, the British representative concurring, advised the latter to communicate to his Government the following general views:

(a) The military occupation of Holland by Germany would give the latter decided advantages, first, from the economic point of view, a source of supply in cattle and agricultural products for its armies; second, can procure base for their submarines, and the port of Antwerp; third, from the political point of view, a pledge of the greatest importance when the time comes for settling accounts.

(b) Notwithstanding foregoing the military representatives are of opinion that—

- (1) Holland with her own forces is not in a position to give military resistance to Germany;
- (2) The Allies in view of the present situation on Western front are for the time unable to assist Holland by furnishing her necessary military support.

6. To avoid giving Germany the advantages that would respond under sub-paragraph (a) above, the military representatives are of the opinion that for the moment the interests of the Allies are best served by Holland remaining neutral if it is possible for her rulers providing Germany makes no further demands upon her.

I have been unable to assemble my colleagues for conference today, Sunday, on the subject of Secretary of State's telegram No. 3712, but have conferred with British representative and the following are our personal views.

If Germany makes further demands and insists on being given free access to all parts of Holland, it should be pointed out to the Dutch Government that such a demand means the abdication by Holland of her position as an independent state. If Holland accords to Germany the most extreme demands of free access to all parts of Holland, the Allies [should] proceed to seize positions on Dutch soil where small forces can be supported and from which the means of all access to the open sea can be completely controlled. Bliss.

SHARP

File No. 763.72/9746

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, April 29, 1918, 5 p. m.

[Received 11.20 p. m.]

2425. My 2401, April 27, 8 p. m.¹ The statement which I am sending you in the following telegram was prepared by the British and French Ministers. Allizé read it to Loudon this afternoon and left a copy with him. Loudon was obviously immensely relieved by it. It permits of the acceptance of certain of the German demands, possibly all that are essential at the moment. Townley and I were present, but in absence of instructions I told Loudon I could not formally associate myself with this statement.

GARRETT

File No. 656.119/390

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, April 29, 1918, 5 p. m.

[Received 10.50 p. m.]

2426. [Statement referred to in the foregoing telegram:]

[1. (a)] A limitation of the products in transit to 1,600,000 tons less the amounts already allowed for the current year. If the Netherlands Government is not able to insist on the formation of a commission of experts to obtain on the spot all possible information regarding the use of the sand and gravel, it is nevertheless desirable that the Government at least obtains an undertaking from the German Government giving a formal assurance that the sand and gravel will not be used for military purposes. The Dutch officials in the occupied territories might be asked to communicate to the Netherlands Government their observations regarding the failure to execute the undertaking given.

(b) Reduction of the 250,000 tons of products of Dutch origin which are mentioned as a possible offer to Germany in exchange for coal and iron.

¹ Not printed.

2. No modification of the decision reached by the Netherlands Government in respect to the ships interned at Antwerp or of the principles of neutrality as applied up to the present date by the Government or as interpreted from existing conventions if new questions should arise.

3. The transit over Dutch territory shall continue to be reserved exclusively for the transportation of civil goods to the exclusion of all food destined for the army.

4. The proposed arrangements in regard to the customs are not to invalidate either inspection or punishment which would encourage frauds (notably the confiscation of the goods and means of conveyance and the conviction of many delinquents).

GARRETT

File No. 656.119/407

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, May 3, 1918, 7 p. m.

[Received May 4, 9.41 a. m.]

2452. My 2426, April 29, 5 p. m. The Minister for Foreign Affairs has just told me that the negotiations with Germany seem nearly to have reached an agreement in the sense of the statement sent you in the above telegram, that is to say:

1. (a) Germany has agreed to the limit of 1,600,000 tons per annum and will give an undertaking that this will not be used for military purposes.

(b) 250,000 tons per month is recognized as a maximum that will probably never be reached. As to the exchange for coal and iron that does not seem to enter in at the moment.

2. Agreed to as to the ships at Antwerp.

3. Agreed to except that there is not yet an understanding as to what constitutes military "arms".

4. Agreed to.

Loudon professes to believe that the final agreement will be reached.

GARRETT

File No. 656.119/408

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, May 5, 1918.

[Received May 6, 1.15 a. m.]

2462. Dutch press publishes today Wolff report from Berlin as follows, presumably official, on Saturday, April 27:

German-Dutch negotiations regarding transport through Holland and Rhine shipping led to agreement in principle on all questions under discussion, including question of transport and export of sand and gravel, Dutch Government agreeing to quantities proposed.

Only one question connected with reopening of goods traffic on Roermond-Hamont railway, still remained to be cleared up. Since then, however, agreement has also been reached on this point, so that matter may be regarded as settled.

Dutch press of same day publishes statement sent yesterday afternoon by Minister of Foreign Affairs to States General of which following is summary:

The tension which temporarily existed between Holland and Germany has been relieved. The points were as follows:

(1) As regards the transport of sand and gravel, which has been stopped since November 15, 1917, the German Government itself has stipulated the quantity of 1,600,000 tons per annum as the maximum permissible amount, hence, the objections raised on principle by the Netherlands Government have lapsed; in fact, figure mentioned was below the amount fixed on by the Netherlands Government as the maximum required for the ordinary maintenance and repair of the Belgian roads. The Netherlands Government was all the more ready to accept this arrangement in view of the fact that the German Government had declared that it was prepared explicitly to guarantee that the imported material would not be used for military purposes.

(2) Free export of gravel from Netherlands to Belgium with maximum of 250,000 tons per month. Netherlands Government had on principle no objections to granting this request respecting a Dutch product which was [not?] subject to any export prohibition whatsoever.

(3) Resumption of goods traffic which had been stopped by German Government itself on railway between Belgium and Germany via Roermond. No objection on part of Netherlands Government could be raised against the resumption of this traffic inasmuch as Holland by virtue of treaty with Germany of 1874 is bound to make this traffic possible. The German Government asked for free transit on this railroad of all goods with three exceptions, aeroplanes, arms and munitions; there was not any mention of transport of troops. The Dutch Government could not, in accordance with its proclamation of neutrality, permit the transit of army stores. The German Government has now expressed its willingness to accept the stipulations laid down by the Dutch Government in this matter.

(4) Simplification and expediting of the measures adopted by the Netherlands Government for the prevention of illegal export on the incoming and outgoing Rhine ships. The Netherlands Government has undertaken to do its utmost to stop the annoying hindrances to free passage in this regard. Further negotiations are proceeding at Berlin.

In conclusion the German Government removes its objection to certain regulations imposed by the Dutch Government on its consular officials in Belgium in connection with the shipment of goods into and through Belgium.

File No. 656.119/459

The Minister in the Netherlands (Garrett) to the Secretary of State

[Telegram]

THE HAGUE, *May 16, 1918, 5 p. m.*

[Received May 17, 12.19 a. m.]

2636. My 2452, May 3, 7 p. m., 1(b). The Minister for Foreign Affairs tells me that Germany has agreed to discuss the export of Dutch gravel as an exchange basis for the import of German coal and iron. He also stated that he expects the final exchange of notes in Berlin today which will conclude the understanding in regard to the recent German demands.

GARRETT

THE PREVENTION OF VIOLATIONS OF NEUTRALITY LAWS BY
CONSULAR OFFICERS OF BELLIGERENT STATES

File No. 763.72111/6919

The Minister in Switzerland (Stovall) to the Secretary of State

No. 2546

BERNE, *March 5, 1918.*

[Received April 2.]

SIR: I have the honor to transmit herewith enclosed a copy of a communication which the Legation has received from the Swiss Political Department, relative to the alleged participation in illegal information services on the part of consular officers of belligerent countries. For the information of the American consular officers in this country, I have forwarded a copy of this communication to each consular office.

I have [etc.]

PLEASANT A. STOVALL

[Enclosure—Translation]

*The Division of Foreign Affairs of the Swiss Political Department
to the American Legation*

The Political Department regrets to be compelled to draw the attention of the representatives of belligerent states to the fact that the penal investigations opened by the competent authorities in the matter of illegal informations in favor of a foreign power, have frequently led to the conclusion that the personnel of the consulates and vice consulates of belligerent states had participated in this illegal information service.

The Federal Council holds the point of view that, according to international law, foreign consuls and vice consuls have no right to claim extraterritoriality. In like manner Switzerland has not recognized such a right to any foreign state in any treaty. If, in

spite of that, the Federal Council has employed certain discretion in the cases in question, it is purely for reasons of international courtesy and not at all in virtue of any legal obligation whatsoever.

The Federal Council admits without question that the participation of certain officers and employees of consulates in acts of this nature has taken place without the knowledge or approbation of the diplomatic missions accredited to this country. It desires to believe likewise that these legations will do all that is in their power to prevent similar attacks on our national laws from again occurring.

Inasmuch as foreign consuls and vice consuls have no right of extraterritoriality, they are placed under the penal jurisdiction of the country. The Federal Council will continue in the future, nevertheless, for reasons of international courtesy, to examine whether it considers possible a solution through diplomatic channels of cases where, contrary to all expectation, these consuls and vice consuls should render themselves guilty of infractions against the law of the country. On the other hand, the Federal Council will not consider employing the same discretion towards the rest of the personnel of the consulates and vice consulates.

It goes without saying that the privilege of the inviolability of consular archives will be maintained in the future as in the past.

The Department begs that the foreign missions will see in the present communication nothing more than a sincere effort on the part of the Federal Council to safeguard, in this sphere also, the complete neutrality of Switzerland, and to put an end to an uncertainty which might lead to regrettable discussions.

BERNE, *February 28, 1918.*

File No. 763.72111/6938

The Minister in Switzerland (Stovall) to the Secretary of State
[Telegram]

BERNE, *April 13, 1918, 5 p. m.*

[*Received April 16, 6.48 p. m.*]

3075. My despatch 2546 of March 5. Please instruct whether I shall accede to request French Ambassador to associate this Legation with French Embassy and other Allied legations in note prepared by French Embassy to Swiss Political Department of which following is summary: Notice is taken of principle of inviolability of consular archives stated by Swiss note February 28. French Embassy insists particularly on right of free communication protected by professional secrecy between consular representatives and authorities upon whom they depend and states acts performed by agents of consulates general and vice consulates in performance of their duties do not come within the jurisdiction, administrative or judicial, of state

in which these agents reside. Consular agents are responsible for these acts only to government which they serve. Interference on the part of another government seems incompatible with international courtesy and would "constitute in itself an infraction of international law of a nature to make legitimate on the part of the French Government the application of analogous measures." French Embassy indicates its hope such eventuality unlikely and that Swiss Political Department will give same interpretation as French Embassy to subject of consular immunities.

STOVALL

File No. 763.72111/6938

The Secretary of State to the Minister in Switzerland (Stovall)

[Telegram]

WASHINGTON, April 19, 1918, 4 p. m.

1773. Your 3075, April 13, 5 p. m. Department not prepared to have Legation associate itself with the Allied legations in note to Swiss Government without facts as to incidents making note desirable. See stipulations of article 7, treaty of 1850 with Switzerland.

LANSING

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